NADA 72nd Convention/Exposition, New Orleans, Jan. 28-31

Automotive News.

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1989 NADA SHOW ISSUE

1989 NADA Executive & Convention Committee

Automotive News

January 30, 1989

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Hot topic: shakeout of dealers

Money problems stir survival fears

AUTOMOTIVE NEWS ROUNDUP

The plight of financially strapped dealers, upending some and impacting many, gained momentum in 1988 as premium-make import stores reported red ink, big domestic-make dealerships folded and megadealer operations filed for bankruptcy.

While it's too early to judge the long-term consequences of the events, some experts believe a full-scale shakeout may be under way, an economic survival of the fittest that prunes marginal operations — large and small, import and domestic — and trickles down to even well-managed, financially sound dealerships.

Some believe that the shakeout will not only alter the retail distribution system, but also force manufacturers and importers with marginal penetration to reconsider their market presence.

It also is likely to affect the evolving relationship between megadealer and factory, giving shakeout survivors more clout.

Some experts believe the consumer will be the ultimate benefactor as unworthy dealers fold. Others say the consumer will lose because megadealers will be able to reduce or eliminate price competition in any given market.

John J. Ferron, a partner in J.D. Power and Associates, said that a recent Power survey shows 4 of 10 average-sized dealers expect a shakeout in the next two years, and so do 6 of 10 high-volume dealers.

One of 5 average-sized dealers and 1 of 6 high-volume dealers expect to drop a brand in the next few years. Also, as carmakers improve quality, reliability and durability, quality of dealers will become the biggest factor in brand differentiation.

"It's not a fight between good and bad dealers, but between good and nearly good dealers," Ferron said. "It's that critical."

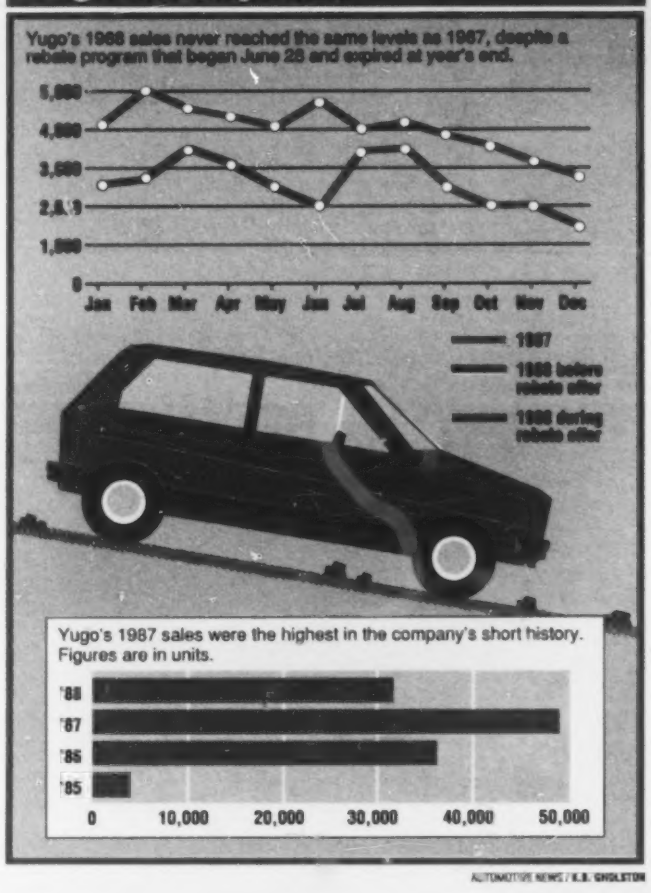
Last year, when the overall national car and truck market was strong, there were some highly visible failures — the 10-dealership Pepe chain in New Jersey, Jim Johnson Chevrolet in Texas, Grand Chevrolet in California — and others less visible, but just as painful for dealers and customers alike.

Although few bankrupt dealers are willing to step forward and detail the events and causes that led to their demise, a document filed last August early in the Pepe bankruptcy did just that.

The document, filed by an attorney for the Pepes, blamed premature expansion but said there was no single cause for the "out-of-trust" dilemma that led to the Chapter 11 petition.

see FINANCES, page 216

Yugo's rocky road



AUTOMOTIVE NEWS / K.S. SHOLETON

Global struggles to remain afloat

By Jim Henry
AUTOMOTIVE NEWS STAFF REPORTER

UPPER SADDLE RIVER, N.J. — As Malcolm Bricklin prepared to dazzle dealers at the National Automobile Dealers Association convention in New Orleans with a plan to open a 1,000-dealer chain, the company he founded found itself on the ropes late last week.

Global Motors, the U.S. distributor of Yugo subcompacts, last week laid off another 90 employees as it negotiated with a contingent of Yugoslavians and potential suitors to stave off bankruptcy.

Those layoffs were from what was decribed earlier as a "skeleton crew" of a 150 left after 71 employees, including president and chief executive William Prior, were pink-slipped last November.

Among those laid off last week were Anthony T. Ciminera, executive vice president, product planning; and Dan Prior, who had been the executive in charge of the Proton effort, sources said.

Meanwhile, the Malaysian maker of the Proton Saga said last Friday that the agreement with Global for U.S. distribution is terminated.

And officials of the Mabon, Nugent investment firm acknowledged last week that the firm has already written off its $10.5 million investment in Global Motors as a total loss.

Chapter 11 bankruptcy looms as a possibility for Global, said Per Arneberg, a former board member and a shipping broker who was one of the original investors and still owns 18 percent of the company.

"I couldn't give it away," Arneberg said of his stake in Global, the parent company of Yugo America, importer of the Yugo subcompact. "Would you like it? I'll give it to you."

Another source said Global needs as much as $100 million in financing to turn itself around.

Arneberg said he felt the company grew too big, too fast and tried to do too much at once.

Yugo entered the U.S. market in 1985 with fewer than 4,000 sales and approached 50,000 in 1987. But sales fell 26 percent in 1988 despite rebates of up to $750, first-time-buyer financing and product changes to improve the car's image.

see YUGO, page 257

2 CSI VIEWS

Payton sees maker default; Petersen urges cooperation

NEW ORLEANS — The heads of the National Automobile Dealers Association and Ford Motor Co. opened the 1989 NADA convention with appeals for closer relations between dealers and manufacturers while offering sharply different views on industry surveys that measure customer satisfaction.

In remarks prepared for the opening session of the association's 72nd annual convention Saturday, NADA President Jimmy Payton suggested that some makers are paying lip service to the ballyhooed goal of pleasing the customer.

"In 1988, we saw what appears to be a big shift in the way some manufacturers view CSI (customer satisfaction indices)," Payton said. "All of a sudden, CSI looks like it will take a back seat to sales performance."

Ford Chairman Donald Petersen, in the text of his keynote address, said he was distressed by the disagreements that manufacturers and dealers have had over the ratings, which use surveys to measure a customer's experience at the dealership. He urged joint efforts to resolve those differences .

Neither party can afford to waste time, Petersen said. The 1990s will be marked by heightened global competition and improved product quality, he said, and those trends will help establish the dealership as the place where makers can set themselves apart

see NADA, page 255

AUTOMOTIVE NEWS / JOE WILKINSON

Incoming NADA president Ron Tonkin, left, and his predecessor, Jimmy Payton

TIME: *Fusz chosen Quality Dealer of Year; St. Louis giant has 6 stores, 11 lines*

NEW ORLEANS — St. Louis dealer Lou Fusz Jr. has been named 1989 Time Magazine Quality Dealer of the Year.

He is president of the Pontiac/Nissan/Mazda/Rolls-Royce/Bentley dealership in St. Louis that bears his name. He also is president of Lou Fusz Dodge, Lou Fusz Subaru-Isuzu, Lou Fusz Suzuki, Lou Fusz Toyota and Lou Fusz Chevrolet in St. Louis.

As the magazine's top honoree, Fusz will serve as national spokesman for the 67 recipients of the Time Magazine Quality Dealer Awards.

The winners were selected by a panel of judges from the University of Michigan Graduate School of Business Administration. Judges singled out the dealers for "exceptional performance in their dealerships, combined with distinguished community service."

A native of St. Louis, Fusz was graduated from Georgetown University in Washington and served in the U.S. Army Reserve. He and his wife, Corinne, have five children and live in St. Louis County.

He began his automotive career working in the family-owned business, Lou Fusz Motors, a Pontiac point.

see TIME, page 255

Import group spends big in politics

By Diana T. Kurylko
AUTOMOTIVE NEWS STAFF REPORTER

WASHINGTON — A little-known political action committee formed primarily by import car dealers spent twice as much as the National Automobile Dealers Association's own PAC during the last election and has emerged the country's third largest such committee.

Based on its 1987-88 campaign spending report, Auto Dealers and Drivers spent $2.8 million.

That figure surpassed spending by NADA's Dealer Election Action Committee, which doled out $1.3 million in contributions last year.

The largest PAC is organized by the National Association of Realtors, which spent $5.5 million. It was followed by DRIVE, a Teamsters-backed committee whose campaign expenditures were $3 million.

In contrast, the UAW spent $1.3 million on the last campaign.

Auto Dealers and Drivers was organized by New York dealer Tom Nemet and a handful of import dealers including Ted Connelly, an Ohio car dealer and a former chairman of the American International Automobile Dealers Associaition.

The PAC confined itself to trade issues and labored in relative ob-

see POLITICS, page 256

Young, former sales chief, succeeds VW's Fuller

By David Versical
AUTOMOTIVE NEWS STAFF REPORTER

TROY, Mich. — Volkswagen United States has begun rebuilding its management team by naming William J. Young, an auto consultant and former VW general sales manager, as its No. 1 executive.

Young will take over as vice president in charge of Volkswagen U.S. Wednesday. His appointment last week ended a month-long search for a successor to James R. Fuller, who was killed Dec. 21 in the explosion of Pan Am flight 103 over Scotland.

Young, 45, will be part of what will soon be a virtually new staff of chiefs within Volkswagen of America, an organization that has suffered through much turmoil in recent years.

A month after Young arrives, Hans-Jorg Hungerland will take over as president of VWoA, parent company of the VW and Audi divisions. Audi's top official, Richard Mugg, was named to the job a year ago.

Dealers who know Young from his 12 years in the organization applauded the appointment. He was described as a candid, decisive executive with strong views and a sharp marketing sense. One dealer called him a motivator who will bring fun to the business of selling VWs. He is said to be hard-working and energetic, in the mold of his predecessor, Fuller.

One of Young's first missions will likely be to select a marketing director. The previous head of marketing, Lou Marengo, also died aboard the Pan Am flight.

"Young's appointment will be greeted as good news to the dealers, who are still reeling from the terrible tragedy," said Raymond Ketchledge, who once worked with Young at VW and is now president of Sandy Corp., which is down the street from VW headquarters. "With him and Hungerland coming into that organization, and with Mugg already there, management strength will really move in a positive way."

Young will vacate an ocean-view home and office in Manhattan Beach, Calif., to join VW. He left VW in 1983, when the company moved its headquarters from Englewood Cliffs, N.J., to Troy.

His consulting business, W.J. Young Associates, has served distributors and importers as well as dealers.

Young is said to have made the move because he respects Hungerland, has a lingering loyalty to the organization and believes he can lead the company in a rebound.

While VW sales have fallen steadily in recent years, the organization had been looking forward to 1989 because of three new car launches. Instead, Volkswagen U.S. entered the new year in a state of shock after the deaths of its top two officials. Young's appointment, a spokesman said, will do much to fill the void.

The new products include the Corrado, a sports car scheduled to arrive this summer, and the Passat, a family sedan due this fall.

Young's appointment was announced jointly by Hungerland and current VWoA President Noel Phillips, who leaves the job March 1 to become head of Autolatina, Volkswagen AG's joint venture with Ford Motor Co. in Brazil.

Hungerland worked for VWoA from 1980 to 1983, when he returned to the parent company in Europe. Hungerland is expected to arrive in the United States in mid-February for an orientation of sorts before taking Phillips' place.

Young, too, will be active before he officially begins his new job. He was scheduled to be in New Orleans this past weekend for the National Automobile Dealers Association convention.

Several dealers said a new incentive program will help stimulate some sales while Young becomes adjusted to his new job.

At the start of the year, VW began offering financing as low as 4.9 percent on 1988 and 1989 Golf, Jetta and GTI 16-valve models. The program expires March 31.

Young began his career with VW in 1971 as a sales manager in the Pacific region. Five years later, he was named a regional manager in Washington. He was general sales manager of what was then called the Volkswagen Division from 1979 to 1983.

Public chains buy outlets in Britain's strong car market

By Daniel Ward
STAFF CORRESPONDENT

LONDON — As Britain's third consecutive year of record new-car sales pushed up profits of publicly owned dealer groups, the idea of dealers never making attractive returns is steadily diminishing.

The last two years have seen significant upheaval in the United Kingdom auto industry as large numbers of dealer groups and smaller family-run outlets have been absorbed by the more aggressive public chains.

Both Lex and TKM have doubled their number of outlets, each through a single takeover. Meanwhile, smaller, ambitious chains that have gone public since 1987 have used their increased funding to go on the acquisition trail, seeking individual dealers in trouble and prepared to sell out.

When a major public group like Lex believes it could expand its present network of 62 United Kingdom, dealerships by 50 percent during the next three to five years, there is no doubt that there is a considerable number of outlets waiting to change hands.

RATING BRITAIN'S PUBLIC DEALERS
Average Financial Ratios

	1986-87
Operating profit margin	2.2
Return on net worth	19.9
Return on equity	8.8
Net Sales to total assets	3.4
Wages as % of sales	7.2
Working capital ratio	1.4
Liquidity ratio	0.6
Borrowing as % of net worth	90.9
Productivity:	
Sales per employee	$235,540
	(1 pound sterling = $1.80)

SOURCE: SEWELLS INTERNATIONAL

Faced on one hand with rapidly increasing pressure from the car manufacturers to upgrade dealership facilities and on the other with escalating land prices, particularly in the cities, many of the less committed dealers will take the handsome cash offer from a major group and retire.

Even away from London, the predators are prepared to pay high prices in order to keep up their pace of expansion. Williams Holdings recently paid £7.5 million ($13.5 million) for three Volvo outlets and a small leasing firm. Lancaster spent £3.17 million ($5.7 million) to buy a Cambridge dealership, and it bid on a Ford dealership in Norwich, which Lex bought for £3.3 million ($5.9 million).

In April 1987, Lex spent more than £70 million ($126 million) on the Sears dealer group, doubling Lex's annual retail sales of £250 million ($452 million) in a single stroke.

see PUBLIC, page 16

Katsumaza Miyadai displays colored wheel tires to lure shoppers into his Tokyo Autorama outlet

JAPAN BOOM: *Makers add stores, staff to propel sales*

By Mary Ann Maskery
AUTOMOTIVE NEWS STAFF REPORTER

TOKYO — In a country where car salesmen still make door-to-door calls, market share is directly correlated to the number of outlets and the size of the sales force.

Toyota has a 42.6 percent market share, based on a sales force of 43,500 at 4,260 outlets. Nissan's market share is 23.4 percent, with 27,000 salesmen and 3,000 outlets.

While Toyota has an independent dealer body, others like Nissan, have a mix of factory-owned and independent outlets.

Last year's booming domestic market has spurred manufacturers to rapidly expand existing networks and launch new channels in an effort to take a larger slice of the pie.

For example, Nissan Motor Co. hopes to complete a two-year plan this year that will add 600 outlets. Toyota Motor Corp. wants another 240 by 1990, while Mitsubishi Motors targets another 300 by the end of 1991. Honda Motor Co. is planning on another 160 sales outlets in 1989, and Mazda Motor Corp. is trying to expand one network and set up two

see OUTLETS, page 257

Ex-Commerce pair in Korea lobby

By Geoff Sundstrom
AUTOMOTIVE NEWS STAFF REPORTER

WASHINGTON — Two former high-ranking Commerce Department officials, including one who was forced to resign after seeking employment from foreign-based auto companies, are now lobbying their former agency on behalf of Korean automakers.

Although the Commerce Department is sponsoring a seminar on selling auto parts to Korean automakers this coming May, a Department official said "there is no causal relationship between those individuals and our seminar." The official added, "the seminar is a result of an ongoing relationship we have had with the major Korean manufacturers for several years."

The commerce officials-turned-lobbyists headed similar seminars on selling auto parts to Japanese automakers while at the Commerce Department. Both left the department in 1987.

Robert E. Watkins, the former deputy assistant secretary for automotive affairs, is now a lobbyist for Kia Motors Corp. working for the Washington firm of Weatherly and Co.

Watkins' former boss at the Commerce Department, H.P. Goldfield, is representing Hyundai Motor Co. Goldfield was assistant secretary for trade development at the Commerce Department. Goldfield is now a partner with the Washington law firm of Swidler and Berlin.

Goldfield announced his resignation from the Commerce Department in June 1987 at a department seminar in Indianapolis on selling auto parts to Japan. The seminar coincided with high-level trade talks with Japan to increase purchases of U.S.-manufactured auto parts.

Watkins, who also participated in the U.S.-Japan trade talks on auto parts, quit his post after it was revealed he had written a letter to Japanese automakers soliciting their interest in forming a trade association.

News of Watkins' letter prompted calls on Capitol Hill for his resignation. Watkins had told his prospective clients he would protect their firms from "protectionist and xenophobic political action."

Korean automakers and the Korean government officials have made no secret of their desire to avoid the trade friction Japan has encountered over its automotive exports.

Chrysler to put 'A' in Mexico

By Francis J. Gawronski
AUTOMOTIVE NEWS STAFF REPORTER

TUCSON, Ariz. — Chrysler Motors plans to produce its new A-body sedans in Mexico and, if the demand in the United States warrants, export the cars here.

Jerome B. York, vice president, Dodge Car and Truck Division, told a press conference at the Spirit's unveiling that Chrysler will launch A-body production for the Mexican market in about a year. The car will be built at the automaker's plant in Toluca, Mexico.

According to York, Chrysler's Newark, Del., assembly plant is the only facility producing A-bodies for the U.S. and Canadian markets. "The plant's 200,000 production capacity will be split 50-50 between Dodge Spirit and Plymouth Acclaim," he said.

Asked if there are plans for exporting the A-bodies to the United States, York said, "No, there are no such plans, but that potentially could be a possibility down the road, depending on what the U.S. market demand is.

"If demand were to exceed the capacity of the Newark plant, then we would — as we have in prior programs — take a look at potentially exporting (from Mexico). But we would only do that if the Newark plant was sold out to the walls."

Because of the late startup, York said Dodge expects to receive only 60,000 Spirits in the 1989 model year.

Though he said Chrysler has no immediate plans to produce a two-door version of the A-body, he said "that is something we might look at down the road."

The A-bodies eventually will replace the Dodge Aries America/Plymouth Reliant America K-cars, which will be phased out of Chrysler's U.S. lineup this summer. York said 45,000 K-cars will be shipped from Mexico between January and June.

The sticker price for the base Dodge Spirit is $9,995; the LE model is $11,195; and the ES is $12,495.

Japan-built Subaru Legacy will hit U.S. stores next month

Subaru unveils new Legacy

TOKYO — Subaru introduced its new Legacy four-door sedan and wagon line last week in Japan and will hold the North American debut next week at the Chicago Auto Show.

The car goes into U.S. production later this year at the Fuji Heavy Industries' joint venture with Isuzu Motors in Lafayette, Ind. Subaru-Isuzu Automotive will produce both sedan and wagon versions at the new plant.

Versions of the car for the Japanese market will be equipped with 1.8- and 2-liter flat four-cylinder engines. A turbocharged 2-liter version also is available.

Fuji expects to sell about 4,000 units per month in Japan, at prices ranging from $10,216 to $21,696.

Legacy, like other Subarus, will be offered with a full-time, four-wheel-drive system. Other models are front-wheel drive.

Exports to the United States and Europe are expected to begin later in February at a rate of 13,000 units per month. Those models will be equipped with a 2.2-liter flat four-cylinder engine.

Subaru-Isuzu Automotive eventually expects to be build 60,000 Legacy models per year for sale through Subaru of America.

LEASING: *Retail up, but dealer resistance, consumer ignorance widespread*

By Charles M. Thomas
AUTOMOTIVE NEWS STAFF REPORTER

Retail leasing is expected to account for the delivery of 1.5 million new cars and trucks in 1989, up from 1.3 million in 1988, despite widespread consumer ignorance about leasing and reluctance on the part of most dealerships to promote it.

A panel of industry officials reached those conclusions while providing a sweeping overview of other industry concerns at a recent meeting of the newly formed Michigan Chapter of the National Vehicle Leasing Association.

"It appears the market has been growing at roughly 200,000 units a year, and we don't see any reason for that to change," said Fred B. Winckler Jr., director — retail leasing for General Motors Acceptance Corp.

Panelists agreed that leasing got a boost in 1988's fourth quarter when GM announced its first corporatewide uniform leasing program for all new 1988 and 1989 vehicles.

"We were up 22 percent in the fourth quarter over the previous quarter, thanks to the publicity GM got," said Al J. Susalla, Michigan area manager — General Electric Capital Auto Lease, a unit of General Electric Capital Corp.

"If there are no drastic changes in the residual structuring and no major rate discounting throughout the industry, then GE is looking at an increase of at least 12 percent or even better in 1989," he said.

Even though retail leasing is growing, some banks are reporting lower volumes and blaming that on the aggressive marketing by captive finance companies like GMAC.

"The captive finance companies seem to be taking a larger share of the market," conceded Roland Bonamici, vice president — Instaloan division of the National Bank of Detroit.

Research by GM revealed the average consumer remains uneducated on leasing. The company has a program to educate dealership sales personnel on retail leasing.

"The single largest complaint from customers is they are put into a five-year lease and think they can get out of it in three or four years," said Winckler. "Another complaint is that in all too many cases, when a salesman discusses a lease in the dealership, he talks about the monthly payment and not the fine print. Customers get pretty upset when they find out the terms the hard way."

Since September, GM has conducted seminars for 9,400 dealerships and 54,000 sales people and, as a result, has gradually in-

see LEASING, page 255

Saturn still sights 500,000

New models to be based on original, analysts told

CRAIN COMMUNICATIONS ROUNDUP

DETROIT — General Motors' Saturn Corp. plans to make its annual production bogey of 500,000 vehicles by producing a variety of models based on the original Saturn car.

Saturn officials, who recently met with a group of about 25 Wall Street auto analysts, stressed that the Spring Hill, Tenn., plant will be so flexible that it can produce on the same line a mix of vehicles of varying styles, lengths and widths — from coupes to wagons — so long as the wheelbase is similar to that of the original Saturn car. Future Saturn vehicles will share components widely, analysts were told.

Analysts were told that the Saturn engines and transmission will be used only by Saturn. The size of the car was described as "right on the break" of a compact and subcompact, with 100 cubic feet of interior space being the dividing line.

AutoWeek, a sister publication of Automotive News, reports that the coupe has a 99-inch-wheelbase and the sedan has a wheelbase of 102.5 inches.

The mostly aluminum engine will be available in two versions, both with overhead cams. The single-overhead-cam eight-valve 1.9-liter produces about 90 horsepower, while the twin-cam 16-valve is rated at 115 hp.

Saturn was scheduled to hold a press conference during the National Automobile Dealers Association convention in New Orleans to formally sign previously announced California dealer candidates. The names of other dealers for California and for New York and other areas are also to be revealed at the press conference.

Saturn has declined to confirm identities of dealer candidates since two of those announced for Southern California withdrew late last year.

Analysts said product plans were not laid out for them, and their impression was that Saturn is leaving product plans open.

In earlier interviews, Saturn officials have indicated that Saturn may eventually offer vehicles other than cars. Though they would not be specific, that could mean sport-utility or van-type vehicles.

Saturn officials insist the GM subsidiary eventually will reach the originally planned 500,000 units — 5 percent of the automotive market — and get 80 percent of its sales from non-GM buyers. In 1986, Saturn announced it would produce only 200,000 to 250,000 cars a year initially. The second phase, of the same number, would be added at an unspecified time.

Analysts also were told that 0.5 percent of the components for the Saturn car will come from Japan, 2.5 percent from other countries and the rest from North America.

The Saturn car will be about as vertically integrated as any other GM car; that is, about 70 percent of the components will be made by GM's parts operations and the rest will come from outside suppliers.

Some analysts questioned after the meeting said they believe Saturn will be a success. Others believe establishing a separate company and separate franchise system to do what should be done throughout the corporation is a waste of money, even though Saturn officials said the project will come in at less than the $1.9 billion allocated. However, the most prevalent attitude expressed by analysts is one of reserving judgment until they see the car.

"Until we see the car, it's tough to say if it will work," said Wendy Beale of Smith Barney, Harris Upham & Co.

Analysts were given few details on the car. They were told the first clinics showed the Saturn design was unpopular, or "an absolute bomb," in the words of one analyst.

PEEK A BOO

Styling of 1991 Saturn coupe includes large glass areas and thin pillars in line with current sporty two-doors now on the market

They were told the consumers identified the car as a Chevrolet, which sent designers back to the drawing board repeatedly to make it more import-like.

Now, the Saturn car is more like a Honda or Toyota than an American car, Saturn officials told analysts.

Joseph Phillippi, auto analyst for Shearson, Lehman & Hutton, said he was concerned that the consumer clinics have not allowed potential buyers to drive the cars.

"They told us (former race driver turned entrepreneur) Roger Penske test-drove one and tried shifting without using the clutch, and he said it was a great transmission," Phillippi said. "I would feel more comfortable if a real live person off the street had driven the car." Penske owns several GM dealerships and is in partnership with GM in its heavy-diesel-engine business.

Automotive News Staff Reporters Lindsay Chappell and Michelle Krebs and AutoWeek Senior Editor Kevin A. Wilson contributed to this report.

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Dealer charged with bugging partner's office

By Jim Henry
AUTOMOTIVE NEWS STAFF REPORTER

BORDENTOWN TOWNSHIP, N.J. — A Ford dealer was arrested at his dealership here and charged with illegal electronic surveillance of another dealer in a dispute over the breakup of their partnership.

Peter E. Mercatanti, 47, of Washington Crossing, Pa., the owner of Mercatanti Ford, was also charged with conspiracy, said John C. McGinley, special agent in charge of the FBI office in Newark, N.J.

Mercatanti was arrested Jan. 10 and freed on $25,000 personal recognizance bond following a Jan. 11 appearance before U.S. Magistrate John W. Devine, a court clerk said.

The FBI said Mercatanti allegedly bugged the business office of Edward Judge of Judge Oldsmobile in Bordentown. Mercatanti admitted in a written statement that he bugged Judge's office, but said he did so because he believed he was being cheated.

Judge and Mercatanti were business partners from 1980 until June 1988, when the partnership was dissolved, the FBI said.

McGinley said the FBI learned of the alleged bugging after Mercatanti approached Judge in October 1988 and stated that he had obtained "damaging information" about Judge on tape.

The tapes would allegedly be used to discredit Judge unless he paid money that Mercatanti said was owed him, according to McGinley.

"Mercatanti allegedly told Judge that he had over 300 hours of information on tapes relating to Judge's personal and business activities," the FBI said in a prepared statement.

"Mercatanti convinced Judge that he did have access to confidential information by repeating portions of private conversations Judge had in his office at Judge Oldsmobile," the FBI said.

Mercatanti's lawyer, Paul Donini of Trenton, has issued a statement in which Mercatanti admitted planting the bug. Donini said he and his client had no further comment.

Mercatanti said in the statement that as of April 1988, he and Judge owned 49 percent each of Judge Oldsmobile. Mercatanti's cousin, Louis Mercatanti, owned the other 2 percent.

Peter Mercatanti said in the statement that he received an anonymous phone call that led him to believe that about $750,000 had been withdrawn from Judge Oldsmobile accounts without his consent.

He claimed that $500,000 had been loaned to Judge, and that his partners had allegedly used another $250,000 to invest in stocks.

"I admit that I placed the listening device in Mr. Judge's office, but I did so only after learning that I could no longer trust Mr. Judge and Mr. Mercatanti and did not wish to be disadvantaged by any deceit as we sought to terminate our business relationship," Peter Mercatanti's statement said.

Judge and Louis Mercatanti could not be reached for comment, but investigators said last week they had not been charged in the case.

If convicted, Mercatanti could be sentenced to up to 20 years in prison and fined $1 million, the FBI said.

A search at Mercatanti Ford revealed an electronic receiver and a reel-to-reel tape recorder with a timing device attached that automatically taped what was said in Judge's office, the FBI said.

A second suspect, Jack Johnson, 55, of Castle Rock, Colo., was also charged, for allegedly assisting Mercatanti, the bureau said. Johnson turned himself in at the U.S. Courthouse in Trenton, N.J., and was released on $10,000 bail, said Assistant U.S. Attorney Robert A. Farkas.

THE MONEY CRUNCH

FINANCES

FROM PAGE 1

The document concluded: "The group's rapid expansion with undercapitalized corporations and the soft automobile market exacerbated by outside factors beyond the group's control and internal factors such as weak management and lax financial controls led to the current 'sold out of trust' dilemma.

"The Pepe Group's strength has been its speed in adapting to market forces. Without sufficient working capital, the group has been forced on the defensive instead of its usual aggressive track."

Ferron: "It's not a fight between good and bad dealers, but between good and nearly good dealers."

Raymond E. Howard, a partner in the Big Eight accounting firm of Deloitte, Haskins & Sells who specializes in financial consulting for dealerships, said he cannot remember a time when he was busier with dealer consulting assignments. "Sometimes I feel like we are running a fire station," he said. "I've been going around the country for the past several months putting out fires. There have been some public failures we've all read about, but there are others out there that are in trouble."

While Howard's comment is a common one from people in his business, putting hard numbers on how bad dealer financial problems have become is highly speculative. But incoming National Automobile Dealers Association President Ron Tonkin, an Oregon megadealer, says that with dealer pretax profits below 2 percent of sales, troubled dealerships are likely to increase and problems could get worse before they get better.

Accountant Howard said some of the chain dealers he has worked with seem to have expanded too rapidly without fully considering their needs for cash. In many cases, he said, one or two profitable stores are floating money to losing franchises. "Everything is OK until a dealer has an off month or two, then we get a phone call," he said.

AVERAGE DEALERSHIP BALANCE SHEET RATIOS

	Ratio
Debt to equity	2.52
Net debt to equity	0.88
Current ratio	1.37
Service & parts absorption	53.04%
Return on assets	9.67%

SOURCE: NADA

This year, with a new administration in Washington, economic uncertainties on the horizon and vehicle sales potentially on the wane, experts agree there likely will be more upheaval and failure in the ranks of franchised new-car dealers, although no-one is sure just how much carnage there will be.

However, those same experts — dealers, consultants, accountants, brokers and factory officials — are able to identify factors that have contributed to dealership financial maelstroms.

The list ranges from a shortage of experienced managers to factory retail rebates, from higher interest rates to overdealering and the proliferation of brands, and from the foolish reliance on too few franchises to the foolish acquisition of too many franchises.

Also cited are factory-required expenditures for ineffective computer systems, dealership undercapitalization, tighter credit policies by retail finance sources, distressed regional economies and more expensive floorplanning.

And to the extent that some problems hit uniquely at the megadealer, contributing factors cited include a loss of owner-entrepreneur involvement in the business, a lack of economies of scale and ineffective accounting procedures.

Debt is biggest problem

The single most-cited factor contributing to the decline and fall of new-car dealerships is debt — the way it is incurred, the way it is financed and serviced and the inability of many dealers to get out from under it.

There is no question that dealership balance sheet debt is the great abyss, but there seem to be no reliable measures of how deep or how wide the problem is.

Although NADA generates an impressive array of information about the automobile industry, NADA Executive Vice President Frank McCarthy said the association does not have a profile on the overall finances of automobile dealers.

"We don't have much factual information (on debt) even though we see dealer financial statements through our 20 Groups," he said. "It is really impossible to tell how dealers are leveraged through their financial statements since they may have other business and investments not reflected in their statements."

McCarthy said he doesn't think NADA as an association can do much to help overextended dealers.

"This problem is a function of the marketplace," he said. "Questions about expansion, financing, locations all have to be left to the dealer. We always say there are a lot of good dealers with good businesses, but they don't always stay the same from year to year. That is why we try to keep artificial restraints out of the market."

Still, McCarthy believes debt has become an increasing worry to automobile dealers due to reduced profit margins, slower sales and higher costs.

Tonkin: The number of troubled dealerships is likely to increase and problems could get worse.

He said conversations with dealers across the country lead him to believe "debt is a major concern even though sales have held up at the national level."

AVERAGE DEALERSHIP PROFILE

	Oct. Year to date 1988	Oct. Year to date 1987	Percent Change
Total sales	$9,950,800	$9,023,800	10.1
Total gross	$1,475,674	$1,349,058	9.4
Percent of total sales	14.8	15.0	
Total expense	$1,290,568	$1,162,265	11.0
Percent of total sales	13.0	12.9	
Net profit before taxes	$208,963	$203,036	2.9
Percent of total sales	2.2	2.3	
New vehicle sales	$6,412,167	$5,984,584	7.1
Percent of total sales	64.4	66.3	
Used vehicle sales	$2,254,806	$1,918,460	17.5
Percent of total sales	22.7	21.3	
Service and parts	$1,283,627	$1,120,756	14.5
Percent of total sales	12.9	12.4	
Floor plan interest	$69,654	$58,655	18.8
Percent of total sales	0.7	0.6	
Per new vehicle retailed	$173	$145	19.3
Advertising expense	$135,328	$122,724	10.3
Percent of total sales	1.36	1.36	
Per new vehicle retailed	$336	$303	10.9
Rent & equivalent	$106,471	$91,140	16.8
Percent of total sales	1.07	1.01	
Per new vehicle retailed	$264	$227	1.63
Avg. new vehicle selling price	$13,993	$13,318	5.1
Gross percent selling price	8.25	8.46	
Avg. gross profit	$1,154	$1,127	2.5

SOURCE: NADA

"For the individual dealer, profit pressure has been intense. At that level, retail sales are down and profits are down. There are simply more people out there selling cars and the average dealer is not selling as many cars as he did years ago," McCarthy said.

Fleet and rental companies are also buying more cars, according to McCarthy, although the majority of dealers do not handle the high-volume, low-profit fleet business.

"Competition is fierce and profits on cars are down," McCarthy said. At the same time, "a lot of dealers have expanded based on projections that sales and profits would continue at the same levels. They have not in most cases, and I would say dealers are watching expenses and are more and more careful about buying additional franchises. I am not saying they will not buy a new franchise, but they are being more careful," he said.

McCarthy explained that NADA is very concerned about the high level of consumer debt in the United States and believes that debt could result in a sales downturn for auto dealers. "If sales head downward, I think you will hear a lot more about dealer debt," he warned.

McCarthy said he thinks all franchises are about equally exposed to dealer indebtedness and profit pressure.

"I have heard a lot of talk in the past two years about dropping franchises that don't perform well, but this usually means replacing one franchise with another," he said. "I haven't heard anything to suggest that one manufacturer is being singled out by dealers and will be dropped nationwide.

"These days if you have an investment in land and a building, plus a good location and experi-

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Pepe paper explains how dealer chain went down drain

EDITOR'S NOTE: On Aug. 24, 1988, husband-wife new-car dealers Richard T. Pepe and Virginia I. Pepe filed for protection from their creditors under Chapter 11 of the U.S. Bankruptcy Code in U.S. Bankruptcy Court in Camden, N.J.

At that time, the Pepes and their 10 New Jersey dealerships had $26.9 million in debts and were holding two checks — for a total of about $900,000 — that had been returned due to insufficient funds, according to General Motors Acceptance Corp. In addition, GMAC said the Pepe dealerships had sold $2.5 million worth of cars out of trust without remitting the proceeds.

Although the Pepes ultimately decided to auction the dealerships, they did submit a reorganization plan to one of their creditors and filed with the bankruptcy court. That plan included the following analysis by the Pepes of how the troubles began.

With clarion hindsight, the Group turns to examine the causes of its current cash flow crisis. Much like General Motors Corp. when operated by Chief Executive Officer Durand (sic) in two words, the primary and proximate cause of the problem was premature expansion.

No single factor in the Group's expansion can be directly attributed to the current "sold out of trust" problem, but each magnified by 11 automobile dealerships has led to the present situation.

The major factors which produced the current situation are as follows:

The recent aggressive dealership acquisitions have been at premium dollar amounts and in some instances for a sum in excess of the dealership's true worth.

The corporations formed to run the dealership (sic) were undercapitalized. When the dealerships did not begin making money immediately (a situation not previously experienced by the Pepe organization), the undercapitalized corporations were unable to support the losses, leading to a deterioration of working capital reserves and eventually a "sold out of trust" situation arose. This situation occurred in particular at Pepe Imports, Pepe Oldsmobile-Pontiac-GMC Truck and Pepe Buick-Oldsmobile-Cadillac.

The problem was exacerbated by soft automobile sales experienced in the industry, in general, and in particular in the southern New Jersey area, in the spring and early summer of this year. It should be noted that Pepe anticipated the soft market through 1987 and 1988. Throughout 1987, Pepe sold various real estate holdings to accumulate cash for the anticipated downturn. In late 1987, Pepe maintained cash reserves of approximately $1.5 million only to see the reserve evaporate into Shore Buick in the winter and spring of 1988.

An additional major cause of the Group's current situation is a classic and inevitable problem which affects every business which experiences rapid growth, i.e., finding experienced and qualified personnel. Expansion stretched the quality of upper-level management to the breaking point.

The Pepe Group prospered during the early eighties with managers who started at T & R Lincoln-Mercury and moved with Richard T. Pepe to Pepe Chevrolet-Buick. As the Group expanded, the managers who led the growth moved to the newly acquired dealerships. Inevitably, additional employees were promoted to management positions and others hired who were not Pepe caliber managers.

Consequently, in the past 18 months, those managers negotiated many bad deals, which eventually had to be bought back by the dealerships, and they maintained poor and excessive inventories whose wholesale interest charges then drained dealership cash and until recently (they) have been saddled with last-year-model units.

Dealership managers have also permitted retail financial institutions into the dealerships. When Richard T. Pepe purchased Pepe Chevrolet-Buick in 1980, GMAC and five banks were writing Retail Installment Sales Agreements. Pepe permitted only GMAC to remain in the dealership. Thereafter, while some dealership retail paper was questionable, there was sufficient quality paper to justify the occasional poor risks.

As managers diversified with other financial institutions, those new market players received some of the quality paper and GMAC re-evaluated the Group's loss ratios and thereafter GMAC tightened its credit policies due to the lost (sic) ratios.

As sales volume lagged, inexperienced managers gave poor risks to GMAC, which eventually were charged back to the Pepe dealerships. Also, with many wholesale paper players, it was relatively simplistic for the Group to borrow funds, which led to undercapitalized corporations and the current out-of-trust problem.

GM's first-time-buyer's plan has severely hurt the Group. The Group paid commissions following increased sales and experienced large dealership chargebacks. Unfortunately, money made was money spent, which led to a deterioration in the dealership's cash flow. Similarly, GM, Chrysler and Lincoln-Mercury rebate program adversely affected the dealership's liquidity

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THE MONEY CRUNCH

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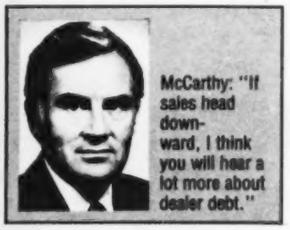
ence, it is a real plus for getting another franchise."

Factories optimistic

Even though there is growing evidence that dealers are having more financial problems, factory officials are still optimistic about the financial health of their dealers.

"I would say that the profitability of our dealers has been good in recent years," said Robert O'Connell, GM executive vice president. "I think that it has gotten to be a more complex world for our dealers. One of the factors has been the multiple franchises that they have taken on and the leading factor, as I see it, is how they sort out that franchise routine.



McCarthy: "If sales head downward, I think you will hear a lot more about dealer debt."

"But I think the profitability level of GM dealers has been strong.

"There is a sense of cautious optimism in our dealerships about the product lines that we have coming out in the next couple of years. I think that there is going to be a very strong profit opportunity with the GM division franchises," he said.

Richard Fenstermacher, general sales manager of Ford Division, said he can think of only two big Ford stores that went bankrupt last year, about the same number as in any normal year.

Fenstermacher said both failed for reasons not related directly to the dealerships.

"The dealerships got big and successful and began to get involved in other ventures," Fenstermacher said. "You can only manage so much."

He remained optimistic. "With the business as good as it's been, there shouldn't be any causes for anything (going sour) if the store is well managed," he said.

To no one's surprise, an expanding economy and healthy gains in sales have helped keep Ford dealers out of trouble in recent years.

"Our trend of dealers who have some financial problems basically has been declining for the last four or five years," said Bob Missel, manager of dealer financial services for Ford Motor Credit Co.

One barometer of dealer health is the number of what Ford calls "status" dealers — those who aren't living up to their financial obligations to Ford Credit. About 74 percent of Ford and Lincoln-Mercury dealers floorplan through the automaker's finance arm, Missel said.

There are currently about 300 status dealers on the books, Missel said. And there are more in three economically depressed states — Texas, Oklahoma and Louisiana — than in the rest of the country combined. A third are Ford New Holland tractor dealers.

During the difficult early 1980s, Ford had as many as 700 dealers in status condition. At that time, Ford Credit was serving fewer dealers than it does today, about 68 percent of Ford and L-M outlets.

Fewer than 10 dealers nationally filed for bankruptcy last year, Ford Credit officials said.

The company has 5,600 Ford and Lincoln-Mercury dealers and 2,000 New Holland tractor dealers.

Missel sees some patterns among troubled dealerships. Problems can develop when a dealer diverts funds from the car business into another venture that goes sour. Another common cause of problems is absentee ownership.

Missel said the trend toward megadealerships is creating some new challenges for Ford Credit. The company is studying the financial control processes that are unique to megadealers so Ford Credit can respond effectively if trouble develops.

"In the process of the study, we're saying that megadealers are generally very good managers," Missel said. They tend to be effective developers of management talent, they provide strong financial control and they operate their stores uniformly, he said.

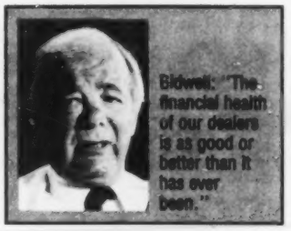
Neither General Motors Acceptance Corp. nor Chrysler Financial Corp. would say how many of their dealers are having enough financial difficulty to warrant their equivalents of "status" assistance. The two factory finance arms also would not disclose how many of their dealers filed for bankruptcy last year and how many were sued for being out of trust.

But Bennett E. Bidwell, chairman of Chrysler Motors, said that at the start of the 1989 model year profits per dealer in the Chrysler-Plymouth and Dodge franchises were up 40 to 50 percent from previous-year levels.

"Jeep-Eagle dealers have been profitable as well," he said. "The financial health of our retail distribution network is as good or better than it has ever been."

Even so, most factories may not see enough of their dealers' financial information to accurately monitor them, particularly if the dealer has a holding company and a variety of franchises.

"One of the problems we have is that we see a financial statement for our store, but what does it really tell us about the rest of the company," said Edward R. Carbin, GM's director of dealer relations.



Bidwell: "The financial health of our dealers is as good or better than it has ever been."

"If a dealer has separate holding companies for his businesses, we don't know the financial health of his overall operations," Carbin said. "In the event creditors come calling on our dealers, there is no way to keep our store out of bankruptcy proceedings."

He said, "GM is very concerned about dealer indebtedness; especially some of the larger chains. Some of these businesses are highly leveraged. I wonder if (dealer) egos have become involved in running the business and they have taken on more than they can handle. Everybody wants to be in the top 10."

Carbin said GM has consulting teams that help dealers with their financial needs and those teams have been busy.

Financial details lacking

Financial experts contend that dealer accountants should be able to produce financial statements that accurately reflect the financial condition of the business — for the dealer's internal use as well as for the use of factories and lenders.

However, some dealerships fail to produce accurate statements because dealership personnel don't provide all necessary information to the certified public accountant, who will rely on it if he isn't closely monitoring operations, said John E. Fox Jr., of the CPA firm Tonks and Friend in Manasquan, N.J.

"One problem is that too many dealers have automotive controllers without a good accounting background," Fox said. "They do financial statements that are garbage, just putting number together, just a review that's reasonably correct.

"I've seen dealers do this to make the accountant think he's got correct information and he doesn't," he said.

"For instance, a manufacturer owes this dealer thousands of dollars in warranties — but the claims may be obsolete." That means they should be written off the books, which could significantly change the balance sheet by eliminating receivables listed as assets.

Even though accountants claim that many dealership financial statements do accurately depict the condition of the business — that things frequently are worse than they seem — there is cause for concern based on how things seem to be.

The most recent NADA dealership profile data for the first 10 months of 1988 shows an average debt to equity ratio of 2.52 to 1 — meaning the average dealer has 2½ times as much debt on the books, including the floorplan, as he has actual equity or net worth in the business.

The NADA data also shows a current ratio of 1.37 to 1, that is for every dollar in current liabilities, the dealer's balance sheet shows $1.37 in current assets. Although that seems reasonable, liquid and safe, elimination of current receivables — such as for writeoff of uncollectible or "obsolete" warranty claims — or an increase in factory chargebacks on the liabilities side could bring the current ratio, which measures liquidity, perilously close to insolvency.

The NADA data also shows that through October, the average dealership had a parts and service absorption rate of 53.04 percent, which means that parts and service were covering only slightly more than half of the dealership's monthly fixed costs and expenses.

Charles Lacey, director of domestic operations for the multifranchise megadealer chain Hendrick Management Corp., said such absorption rates are a viable measure and that all Hendrick stores are expected to maintain an absorption rate in the 60 to 65 percent range.

Robert Snodgrass, former dealership consultant was even more succinct. He is a Mercedes-Benz, Audi and Porsche dealer in Jacksonville, Fla., and a Porsche-Audi dealer in Atlanta.

"Any dealer that is running under 65 percent is in trouble," Snodgrass said. "That's the largest red flag."

And the problems don't stop there.

One dealer consultant who sees the books of hundreds of dealers of varying size nationwide — but requested anonymity — said some dealers are filing "bogus" financial statements to intentionally mislead factories, lenders and prospective buyers.

The consultant said that generally, factories and lending institutions — and even some prospective buyers — are unable to see the holes when a dealer has done such book-cooking.

"A lot of the dealers we work with are substantial dealers and substantial citizens in their community," the consultant said. "They were doing very well two to three years ago, but now they are not doing well at all.

"There are hundreds of dealerships for sale everywhere. It's like a chess game. Anything is for sale.

"There are hundreds, maybe thousands, of dealers out there who would sell their business today, but wouldn't have dreamed

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PEPE

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position and GMAC's tight buying policy has hurt the Group's ability to move units and increase sales.

The new dealership buildings of Pepe Toyota and Pepe Lincoln-Mercury, while superb edifices, have been tremendous cash drains on the organization. The construction commenced in the fall of 1986, and thereafter monthly interest payments eventually equaling $50,000 per month were due, along with architectural fees and other associated costs.

This was a one-way stream of cash out of the organization that severely drained the Group's working capital. The buildings continue to be a drain on the entire Group and neither Pepe Toyota nor Pepe Lincoln-Mercury has turned a profit since occupying the buildings in the summer of 1987.

The buildings were designed with the view toward adding additional franchises to support the cost of the structures. The Porsche, Alfa Romeo, Volkswagen and Audi franchises were purchased with the view toward moving them to the new buildings. Brisk sales volume in the first month following the franchise purchase caused Pepe to leave the dealerships in West Atlantic City. This tangent from corporate policy left Pepe Toyota and Pepe Lincoln-Mercury alone to bear the entire expense of the buildings.

Toyota Motor Sales Co. (sic) promised an increased allotment of units following occupation of the building; to date, Toyota has not supplied the units.

Similarly, Pepe Oldsmobile-Pontiac-GMC Truck was purchased with the intent of moving it into the new Toyota building. General Motors Corp.'s approval was initially sought in the winter of 1988. The move meets all of the requirements of each division involved and the highest ranking General Motors zone managers assured Pepe the move would be approved perfunctorily. To date, even though each Philadelphia Zone Division (sic) has approved the move, Detroit has yet to act.

In reliance on the assertions of General Motors' zone managers, Pepe Oldsmobile-Pontiac-GMC Truck secured a $6 million inventory in anticipation of the move. With General Motors' omission, the dealership is saddled with a $6 million inventory instead of the $2 million it should possess at its present location. Increased wholesale interest on excessive inventory has further drained the dealership of working capital and cash.

As a result of two manufacturers' omissions, the Pepe Group has two dealerships which have not secured a profit since the summer of 1987.

Government entities have also hurt the automobile group. The New Jersey Department of Environmental Protection, acting on a tip that a rare tree might be located where the Pepe Toyota and Pepe Lincoln-Mercury dealerships were to be built, held up construction of an ultra-modern body shop for six months. Only expensive litigation forced the Department of Environmental Protection to withdraw from the case. The tree was located in an undisturbed area of the property.

Similarly, the Department of Environmental Protection forced USA Auto Brokers, a Pepe automobile reconditioning center, to stop washing cars for several weeks and to perform environmental tests on the property because of a minor problem that existed at the facility since its construction in the 1960s by an unrelated owner. A local municipality is also presently holding up the construction of improvements to Pepe Imports preventing the Volkswagen franchise to operate profitably at the location.

The New Jersey Department of Consumer Affairs has also filed a suit against Pepe Buick-Oldsmobile-Cadillac and Shore Buick seeking unrealistic fines of $324,000 for an alleged minor advertising violation. The dealerships' advertisement referred to the manufacturer's factory invoice in an ad. This type of advertising is utilized throughout the country; however, the New Jersey Department of Consumer Affairs objected.

Pepe's lawyer advises that they (sic) will prevail on the merits of the case or consent to a de minimus fine. However, the local press sensationalizes the astronomical and unrealistic fines. This has hurt sales and has needlessly alarmed the Group's financial suppliers.

In conclusion, the Group's rapid expansion with undercapitalized corporations and the soft automobile market exacerbated by outside factors beyond the Group's control and internal factors such as weak management and lax financial controls led to the evaporation of working capital and the current "sold-out-of-trust" dilemma.

The Pepe Group's strength has been its speed in adapting to market forces. Without sufficient working capital, the Group has been forced on the defensive instead of its usual aggressive track. The dealerships have been unable to take advantage of discounts and the current out-of-trust problem has led to large floorplan interest changes.

In short, a small snowball started down a hill and has steadily gained speed and size.

It is the firm belief of Richard T. and Virginia I. Pepe that the snowball has now hit the bottom of the hill and shall melt.

THE MONEY CRUNCH

Some dealers sense warning signs of trouble on horizon

There are certain areas of the United States that generally serve as early-warning listening posts for changes in automobile retailing.

As of last week, dealers in some parts of the country had yet to see or feel any evidence of a coming shakeout. However, dealers in other parts of the country say they already have felt the tremors.

Some key areas, like California, seem to be getting mixed readings.

Dick Ritchings, Pacific Palisades, Calif., a certified public account and dealership consultant, said car sales are flat but truck sales are up. Ritchings said that of the four 20 Groups he moderates in California, one is Chevrolet megadealers who are very healthy.

"They're all making money," Ritchings said. "Ford is probably doing better than Chevrolet. We have Ford dealers in California that are making unbelievable money."

However, there are "concerns about the overall operations with some of the smaller operations," he said.

"Some of the lesser-known import stores are having difficulties," he said. "I'm aware that some of them are stretched out capital-wise." In that group he included some Nissan, Sterling and Hyundai stores.

"Major portions of the West Coast are in bad shape," said another dealer consultant, who spoke on condition of anonymity. "There are dealers everywhere," he said, blaming factory "overdealering" policies.

"A Nissan store on the West Coast that used to average $1,800 (gross profit) per unit (in 1984-1986) now is lucky to do $800 to $900 on less units even though the fixed overhead costs are the same," the consultant said.

Edward R. Pasini, audit engagement partner at Peat Marwick Main & Co., Los Angeles, said he believes there will be a severe market slowdown in southern California in the next 18 to 24 months.

"Some deals that are overextended will be sold because they have to be sold," Pasini said. "Already, southern California Toyota franchises are going begging."

Yet others view California as one of the places to buy.

"We would like to expand in the South, Southeast, West and Southwest," said Charles Lacey, director of domestic operations for Hendrick Management, a megadealer organization. He also is a former Chevrolet zone manager.

"We think we understand the market. We would look at anything. We prefer a new store but we would look at any store. Yes, we have bought two or three failed stores."

In the Rocky Mountain area, the key Denver market has been unsettled.

"There have been many more sales of dealerships than in years past," said William D. Barrow, president of the Colorado Automobile Dealers Association. "Denver's economy has been down for the last three years because it is dependent on agriculture, mining and oil. The oil belt has been hurt.

"Individually held stores in growth markets are doing fine. A megadealer will hire a general manager to run a store. In the down times, a megadealer will lose both money and management," said Barrow.

It happened in Denver to two dealers, he said. "Both are out of business . . . and there is another dealer equally as large who has been backing out of the business for the last two years."

The Southwest seems to have missed the early tremors. "I'm not aware of any megadealers who are having trouble," said Raymond E. Berube Jr., New Mexico Automotive Dealers Association president.

However, a little further east, in oil country, there have been a number of failures and even more dealers having tough times. Ford Motor Credit Co. said the highest concentration of its dealers who are receiving financial guidance are in "three economically depressed states: Texas, Oklahoma and Louisiana."

A Texas GM dealer said that dealers there are cash short, in part, because the automaker is slow to pay dealers the money owed to them on incentive programs.

"GMAC wants its money right away but the divisions take weeks to pay what they owe us," he said.

Like California, conditions in key Midwest states have been good as well as bad, but metropolitan markets generally have had no tremors.

"Some small dealers in rural areas are getting out," said Peter Sander, Illinois New Car/Truck Dealers Association president.

"In the last couple of years we have seen a trend of dealers purchasing dealers in the rural areas," Sander said. "Where there used to be four or five dealerships in one town, now there are two dealerships with all of the franchises."

Jerry Cizek, executive vice president, Chicago Automobile Trade Association, said that although megadealers have a greater probability of failing because of debt load, there haven't been any failures in Chicago.

"There have been more dealerships sold and more acquisitions across the board, however," he said. "Dealers buying dealers has picked up over the last six months — this seems to be the trend."

Michigan dealers are doing well, said Chester L. Swanson, Chet Swanson Sales, Traverse City, Mich. Swanson, a Cadillac-Jeep-Subaru-Oldsmobile dealer and NADA director from Michigan, said, "From all I hear, Ford and Chrysler seem to be well off. The same people tell me that GM is not as well off, but from the GM point of view, things have been well for me, and seeing what they have to offer next year it will be better."

Jim Bayson, partner in charge of auto dealerships, Plante & Moran, a certified public accounting firm in Southfield, Mich., said Detroit-area dealers that survived the 1981-82 shakeout are still around and are in good shape.

"They are dealers that know what their costs are and know what's going on in all parts of their operation," Bayson said. "The ones that didn't went out of business."

He said the surviving dealers are in good shape, "although — with some exceptions — business isn't anywhere near as good as it was three years ago, because of increased competition. "For most of them business is down; they are not making the kind of money they would have made three years ago."

Business is worse in the nation's midsection, such as in southern Ohio and Kentucky, according to one Chrysler dealer who is active in dealer associations.

He said 50 percent of the dealers in his region had red-ink months in September, October and November. "Of the 20 dealers in this area, about half are red and some are pink," the dealer said. Interest rates, floorplanning costs, and dealership labor costs are escalating dealer expenses.

"Nobody is up — nobody," he said. The dealer estimated business is down an average 15 to 20 percent. He blamed the higher cost of vehicles, 60-month loans and increased competition.

In nearby Pennsylvania there have been problems, said Margaret Stuski, Pennsylvania Automotive Association staff attorney.

"A couple of dealers expanded too fast. They were good dealers and not very good managers," she said.

"We have seen an increase in the number of sales of dealerships. It has been as high as three per week and for Pennsylvania that's a lot."

In the important Northeast market, there have been some well-publicized failures and rumors that some other big megadealers may be in serious trouble.

One problem in the greater New York City area is skyrocketing increases in real estate costs, according to the Greater New York Automobile Dealers Association.

The key markets in the old South — like the booming Atlanta market — seem reasonably strong and healthy. However, even in some of the coastal resort towns there has been an evaporation of blue sky, so the region has not been tremor-free.

In Florida, again, there are different readings.

"We're seeing more sales of dealerships but don't know why," said David Jeffries, executive vice president of the Florida Automobile Dealers Association.

"It could be a good opportunity to get rid of a dealership at an attractive price," Jeffries said. "We are seeing a trend towards more multiple-ownership. Some of it has to be because some dealers are having financial difficulties but that's an area the association doesn't get into."

Richard Baker, executive vice president of the South Florida Auto and Truck Dealer Association, said south Florida has been unscathed by dealership losses.

"The last store I remember going out of business was in 1982 and he was located in downtown Miami," Baker said.

"There have been dealers bought and sold in Florida but most of them are because of retirements," Baker said.

Baker said Florida has been protected from overdealering because of its Relevant Market Area Law, which allows dealers to protest the establishment of a new location. The law says that metropolitan dealers have a right to protest a new point going up within 12.5 miles of his store and rural dealers have a right to protest a new location going up 20 miles from his store. Baker said 36 states have a similar law.

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of it five years ago, just to get out from the pressure.

"The quality of life of the dealer is the worst I've seen in 20 years."

The willingness of dealers to get out of the business and the willingness of others dealers — generally established megadealers — to buy has created the accelerated market.

Too much blue sky

One key element of the shakeout is what has been happening to the price of dealerships, particularly the intangible "blue sky" or "goodwill" elements of a sale price that represent net profit above the value of the assets.

For example, a manager of a Virginia Chevrolet dealership, part of a group of dealerships, said his group looked at buying an import dealership in a desirable Southeastern resort community.

The dealer was asking for no blue sky for the dealership. Two years ago, the same dealer would have been asking "big blue sky," the manager said.

There is a clear school of thought that believes dealership prices generally are going to tumble in 1989 and 1990. Ferron of J.D. Power and Associates is one of the proponents, as is John B. T. Campbell, president of Campbell Automotive Group, the first publicly held dealership group in the United States.

Edward R. Pasini, audit engagement partner at CPA firm Peat Marwick Main & Co. in Los Angeles, also sees a shift in the buy-sell business.

"A lot of megadealers were created driven by ego, buying quantity vs. quality and because after hard times, they were cheap," Pasini said. "Now things have changed, the bargains are gone and dealers are passing up high-buck buyouts in the belief that within two years the going price will drop considerably."

Although many experts say that blue sky already has started to decline in many areas and for many franchises as part of the early stages of the impending shakeout, the ultimate decline in average blue sky could become much steeper as both a cause and effect of the shakeout.

Veteran dealership broker Jack Hamel of Sarasota, Fla., was blunt in an interview late last year. He said that a major problem has been that dealers have paid "too damn much" for stores.

"When they are paying six times earnings, they are out of their minds," Hamel said. "If a dealer has a bad month or two, they can't service their debt. They are out of business."

Robert E. Johnson, president of New York-based York Associates Consulting Corp., said, "There will be a lot of dealer casualties next year and franchise casualties. Some (of the franchise casualties) will be Japanese."

Johnson is the former executive vice president of Lex Service, the British dealership chain that purchased 50 percent of Campbell Automotive Group in California.

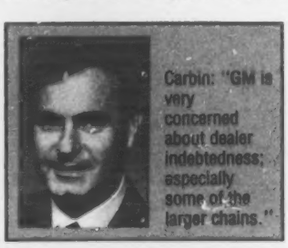
Hamel, like Johnson, predicted dealership and franchise failures in 1989.

"There are going to be franchise casualties," he said. "There are more damn Acura deals for sale than you can shake a stick at. They are not publicly for sale, but if you will pay them what they have in the deal, you can have it. We are going to be very busy next year buying and selling dealerships."

Dick Ritchings, Pacific Palisades, Calif., dealer consultant who assists with buying and selling, cited Hyundai as a franchise that is proving to be too expensive.

"They are asking for particular investment in land and buildings; sometimes heavy — $2 million to $2.5 million. It's very difficult to get a return on that kind of car," he said.

He said Hyundai started off nicely and was successful because it did not overpopulate, but that has changed. "They have overpopulated here and in the East," Ritchings said. "People who were selling 200 Hyundais are selling 90."



Carbin: "GM is very concerned about dealer indebtedness; especially some of the larger chains."

Hamel said the problem with Acura is the huge initial investment required.

"The dealers don't have the sales volume or the service business to justify the debt," Hamel said. "In time, Acura may be a good buy, but right now a lot of dealers are losing money."

Against that backdrop, Hamel just laughed when asked whether Saturn, Lexus and Infiniti were being launched in a difficult climate.

GM's Carbin admitted that the debt problems facing car dealers make this a particularly risky time to launch GM's new Saturn franchise.

"You've already seen several dealers decide they could not afford Saturn," he said. "I think Lexus and Infiniti face a similar future. Not because they are unattractive, but because dealers can't afford them."

Accountant Fox of Tonks and Friend agreed that dealers have been paying too much blue sky, which has added to amounts borrowed to finance dealership purchases, and therefore also has increased the debt load and monthly debt service payments. "That's air," he said, "and sometimes an excessive amount."

Rick Caille, director of dealer development for Hyundai Motor America, acknowledged problems Hyundai dealers are having, including average per-dealer sales that declined during the 1988 model year.

But Caille said his biggest shock was personally seeing the "very

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poor" quality of credit-worthiness of buyers that were being approved by financial institutions across the board.

"I couldn't believe the deals they were approving," Caille said.

Caille's disbelief has been shared by other factory officials and by the lenders themselves, who have seen losses climb on so-called marginal paper.

Those losses, spurred by more repossessions, have triggered some major changes.

Lenders changing

In recent months higher interest rates, tighter credit standards by factory finance arms such as Ford Credit and GMAC and a cyclical abandonment of the automobile market by some local banks and the move to marketing their own, direct car loans by other banks have forced dealers to seek finance sources beyond those they traditionally have relied upon.

Hence the move to non-traditional buyers of lower-quality paper standards, like the so-called "turndown" finance companies that buy contracts that are funded by independent investors.

One former banker who is now a consultant in the retail automotive sector believes that the changing relationship between dealers and their lenders will be a primary cause of the shakeout, which he calls a "a revolution in retail distribution."

He said major banks are losing their interest in dealers because of the high costs of obtaining dealer business and the fickleness of the relationship.

The former banker said that over the last few years, dealers have had the upper hand with banks by negotiating low rates for commercial needs like floorplanning, capital infusion and real estate loans, while using their influence "like a shotgun" to get the financial institution to buy the retail paper, including marginal contracts.

Now, he said, the depth of marginal paper has turned very bad with heavy losses for the lenders.

"As much as 5 percent of and maybe more of new-car loans should have never been sold," the former banker said. "They were sold and financed on the knowledge that the consumer was not able to pay for it."

He said at least another 5 percent were "oversold;" that, is the contracts "were padded with high-cost service agreements and everything else that could be thrown in."

He said extended terms also hurt because buyers had to extend their normal buying cycles because they didn't have enough equity in trade-ins to support a strong down payment on a new car.

"All of these sales habits that have taken place over the last few years are coming home to roost," he said.

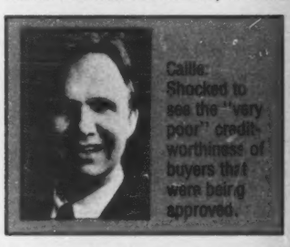
The result is that banks are looking for loans with lower loss ratios, making financing less available from traditional sources.

Many of the non-traditional lenders attract dealer business by promising non-recourse paper — for which the dealer has no responsibility in a default or repossession — as well as additional income from a fat finance profit and sale of hard and soft add-ons.

Fox of Tonks and Friend said that a large number of repos will hurt a dealer, even if non-recourse paper is involved. "You're on the paper no matter what," he said. That's because high repos eat into a dealer's financial reserves and may make it hard for him to maintain even the minimum 1 percent required by a bank. To make matters worse, a bank might raise that amount to, say, 3 or 5 percent, Fox said.

That would be especially tough on megadealers, "who might have $40 million out (in financing) and have to hold $2 million in reserve for 5 percent." To avoid the bank increasing the minimum reserve, a dealer will negotiate with the bank to handle the repos himself, by selling them as used cars, Fox said.

Harold G. DeValk, of Chicago-based DeValk Associates, a CPA



Caille: Shocked to see the "very poor" credit-worthiness of buyers that were being approved.

firm, said he believes that some dealerships do get into trouble by doing business with banks that do not understand the automobile business.

"When banks jump in, they tend to do so pretty ignorantly," he said. "They decide they want to invade the market, then they jump out. It happens a lot. They do economic studies, decide to change their mix of loans, and if a dealer is not doing well, he may not be able to replace the floorplanning.

"Banks get in a lot deeper than they even sense that they are. They get way overextended before they pull the floor," DeValk said.

"As a general rule, a dealer should be cautious using banks, because they tend to run hot and cold," he said, "and banks are probably biased against floorplanning, because of the high costs of servicing, financing and checking inventory against the low rate of return."

Joe Moran, vice president of Comerica Bank, Detroit, and manager of dealer commercial services, said his bank's strategy has been to focus on what it considers the upper end of the market and not try to be all things to all dealers.

Comerica has dealer commercial services offices in Los Angeles, San Francisco, Dallas, Denver, Detroit and Florida to service 120 dealers.

"We focus on what we think of as the epitome of the middle-market business — sales a bit higher than U.S. average, and run by well-experienced, capable managers," Moran said.

He said Comerica looks at an auto dealer as it looks at any other middle-market business: It evaluates by net worth, profitable track

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FINANCES

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record, working capital, expense management and other financial measures.

He said successful dealerships use cost structures set up on a variable basis rather than fixed basis, to allow adjustment for downturns and reduction of overhead. Even employees are compensated on percentage of growth rather than flat salary, Moran said.

House of cards

Snodgrass sees the recent failure of dealerships around the country as a result of too many nameplates for the current number of car buyers.

"In the current climate of business, which includes many dealers that are multi-franchise, when the climate of business is not so good, the trickle-down effect really hurts all the dealerships," said Snodgrass.

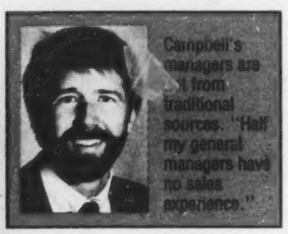
According to Snodgrass, the big shakeout will occur with medium sized multi-franchise companies, which he described as a "house of cards." Like a house built with cards, dealerships in a medium-sized, multi-store operation are dependent on each other. If two stores out of a five-store organization fail, the entire organization can easily fall.

"The two failing dealerships are relying on the three healthy ones, those dealerships are not healthy enough to support two other stores," said Snodgrass.

"These (medium-sized multi-franchise dealers) are generally the most leveraged. A dealership with long or substantial current debt will find that continued existence from a cash flow management standpoint is virtually impossible."

CPA Fox said that most dealers get in trouble because of their fiscal policy, and that high-priced computer systems — sometimes required by the factory — are not helping.

"Computers should help give them greater control over fiscal policy, but a lot of dealers get misinformation from the machines," Fox said. "Some dealers are very good salesmen but they don't know what it costs to turn the key in the lock in the door in the morning."



Campbell's managers are hit from traditional sources. "Half my general managers have no sales experience."

Fox said a dealer may spend $150,000 to $250,000 for a computer and only use $10,000 of it because he hasn't been trained properly — maybe only two or three days — and may be getting inaccurate information on inventory and floorplanning from the computer.

Another dealer consultant said that instead of reducing dealership personnel, computers also force dealers to hire more personnel — computer experts — at $30,000 to $40,000 a pop.

"The economies of scale argument is almost a facade," he said. "The time that is required to deal with a particular franchise and all of the elements that go with a franchise are consuming among themselves.

"You lose the economies of scale after two dealerships."

More than ever, there is discussion about varying management philosophies and the management practices required to build and profitably maintain a megadealer organization.

Manager shortage

One of the factors made clear by dealers, consultants and accountants is the shortage of real managers.

"It's a big problem," said the manager of a group-owned Chevrolet dealership, echoing what many other dealers said. "There are not enough good, experienced managers to run the dealerships — managers who can see the holes in the operations."

He said his dealership group has three headhunters searching for dealership managers, and so far, none have come with a price tag under $100,000."

Dealers and consultants also make it clear that without good managers at every location, a megadealer chain will collapse. As much as capital, a dealer needs a good management team to expand.

More and more, megadealers are moving toward the old-fashioned concept that an owner should be on the premises. That ultimate in on-site management philosophy is the one used by Victor Potamkin and and his sons Robert and Alan to control 50 franchises in 20 locations.

The Potamkins grow by allowing their managers to become minority investor partners with responsibility for their respective dealerships.

"We find that the owner/operator, being on the premises, knows that location far better than a bureaucrat who may be at a different location," Alan Potamkin said. "The bureaucrat is likely to mortgage your future for the sake of short-term gains."

Campbell, president of Campbell Automotive Group, said he goes outside traditional sources to recruit managers, sometimes even outside the automotive business. "Half my general managers have no sales experience," Campbell said.

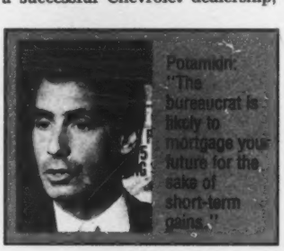
A dealer consultant with 300 dealer clients said the current megadealer theory is that if an organization is not growing, it is dying and there can be no status quo.

"To grow, the dealer has to speculate," the consultant said. "He attempts to attempt to improve by growing bigger, thinking bigger is better.

"He gets in an aggressive acquisition stage — adds more computers, more personnel, more used cars, more investment.

"A new dealership is usually located in a high-rent district, adding tremendous fixed cost. Invariably what happens is the dealer's first store drops without him there. He tries to be too many things to everybody. And the dealer now, instead of having one store doing well, has two mediocre stores."

The consultant used the example of a Southern dealer who ran a successful Chevrolet dealership,



Potamkin: "The bureaucrat is likely to mortgage your future for the sake of short-term gains."

then added Hyundai, then branched out to other cities.

"The last time I saw him he had the shakes so bad he hardly made sense," the consultant said. "His original store deteriorated and instead of one doing well, he had 6 or 7 doing poorly.

"If you grow too quickly without enough managers, you lose the involvement of the entrepreneur-owner, who is truly the only one who gives a crap because he's the only with the big bucks in it."

Myth of the megadealer

All of this comprises "the myth of the megadealer," according to one consultant, who believes the news media are responsible for over-glorifying it.

Too many megadealers are undercapitalized and too highly leveraged with marginally performing dealerships run by inefficient managers, the consultant claims. They have gobbled up franchises — sometimes paying exorbitant blue sky — and financing them with very expensive debt or capital that could be earning a greater return in another business.

The result is that in addition to the normal economic and financial pressures on a dealership, the perceived need to make an organization grow to comply with the myth has created additional problems for megadealers.

Those megadealer problems — coupled with normal pressures — are what will accelerate franchise consolidation and the shakeout, according to many dealers and consultants.

"Starting in 1989 through the next 12 to 15 to 18 months, we will see as much as a 15 percent mortality rate in the existing dealer body . . . a changing of the guard," said Robert Monteith of Robert Monteith & Associates, Phoenix, Ariz.

"That includes the dealers who go broke and the dealers forced to sell off or cancel some existing franchises."

He said there will be the voluntary reasons, like a dealer who is 62 years old and doesn't want to go through a downturn again, so he just sells.

"There also are going to be those dealerships that are really leveraged through financial commitments and the tremendous blue sky paid for dealerships a couple years ago," said Monteith, a consultant to multi-franchise dealers, who also advises on the development of auto malls.

"A reduction of cash flow through sales along with the demands on that leverage will force some of them to consolidate and sell off some of franchises," he said.

He added that some of the good business managers will weather the consolidation and bring the business into line to survive the cyclical swing.

"But there's that group that won't make it and will go under," he said. "That will speed up the consolidation of franchises," the consultant said.

Megadealers will be forced to analyze the profitability of each franchise in their portfolios and adjust the portfolio accordingly.

At that point, importers and manufacturers will be forced to reassess their own vulnerability to market share because of the shakeout and the resulting effects on their individual dealer group and distribution system, Monteith said.

Ultimately, he said, the shakeout and its aftershocks could alter traditional dealer relationships and could facilitate or even necessitate public ownership.

"Publicly owned dealers are just megadealers with better financing," said Campbell.

Whether the shakeout means megadealers will shed franchises or add franchises or swap franchises or just evolve into something even larger, the tremors have started. Most experts agree they won't go away anytime soon.

Reporting for this project was done by Automotive News Staff Reporters Laura Clark, Mary Connelly, Louise Kertesz, Michelle Krebs, Edward Lapham, Dutch Mandel, Charles M. Thomas and David Versical in Detroit; Geoff Sundstrom in Washington; and Jesse Snyder in Los Angeles. Stories were written by Edward Lapham.

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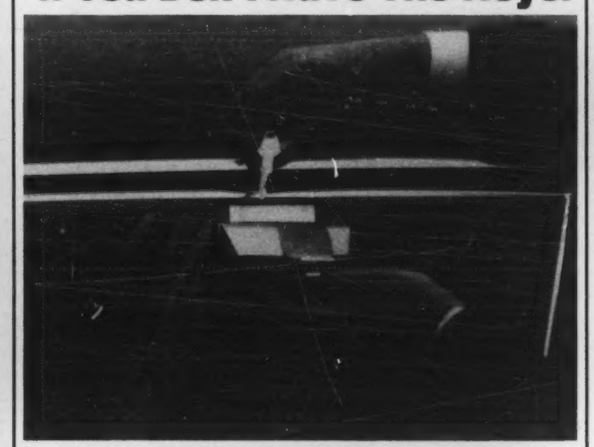
If You Don't Have The Keys.



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Acura rated tops in U.S. in dealer-satisfaction survey

By Francis J. Gawronski
AUTOMOTIVE NEWS STAFF REPORTER

AGOURA HILLS, Calif. — American Honda's Acura Division finished first in J.D. Power and Associates' 1988 ranking of automobile manufacturers that best satisfied their dealers.

Dealers were generally more satisfied with their manufacturers in 1988 than they were a year earlier; in the latest poll, more than half rated relations with the factory as excellent/good. Fewer dealers gave fair/poor marks to their manufacturers. The dealer satisfaction index average for the industry was 101 in 1988 and 99 in 1987.

As a group, Asian manufacturers ranked first, with a score of 107, one point higher than a year earlier. European automakers finished second with a score of 103, the same as in 1987, followed by the domestic manufacturers with a score of 98, two points higher than in 1987.

The Power organization found that 55 percent of the respondents rated their overall relationship with the factory as excellent to good, up from 50 percent in 1987. The number of dealers saying their relations are fair to poor declined to 42 percent in 1988, down from 47 percent a year earlier. Dealers giving don't know/no answer responses totaled 3 percent in both surveys.

Acura captured the top spot with a score of 124 points on the dealer satisfaction index in Power's 1988 Dealer Attitude Survey.

Acura's 1988 score of 124 was seven points higher than a year earlier, when Acura finished second to Hyundai. Acura's gain was attributed to increases in positive ratings on all four dealer satisfaction index factors. The division's marks improved on all but two of 13 major index components, Power said.

Range Rover placed second in 1988 with a score of 122, four points higher than its 1987 score. Range Rover dealers, according to Power, gave substantially more "very acceptable" ratings to the importer in 1988 than they did in 1987 on 10 of the 13 major components o the dealer satisfaction index.

Mercedes-Benz finished third in 1988, with a score of 118, seven points higher than its score in 1987. Higher scores on the business terms and sales support factors helped it gain, with more "very acceptable" ratings recorded on 10 of 13 components, Power said.

Its German rival, BMW, saw its score fall from an above-average 104 in 1987 to a below-average 100 in 1987.

Honda improved its score by four points to capture fourth place with a score of 114. More positive ratings on the business terms and service support factors helped Honda moved up from sixth in 1987. Honda dealers gave more "very acceptable" ratings in 1988 than in 1987 on 11 of 13 components, Power said.

Improvements on the service support and sales support factors helped offset losses on the business factor for Saab, to help the Swedish automaker maintain its score at 112 and tie with Audi for fifth place. Saab dealers gave more "very acceptable" scores on nine of the 13 components, with the largest gains in the areas of service support.

Audi boosted its 1988 dealer satisfaction index score seven points to 112. Audi dealers' "very acceptable" ratings on 11 of 13 components were higher in 1988 than in 1987.

Mazda, with 111 points, was seventh, down from fourth in 1987, as a result of lower ratings on sales support.

Hyundai scored 110 in the 1988 survey, nine points lower than in 1987, and dropped from first to eighth. All 13 components were rated lower than or the same as in 1987.

Daihatsu finished with an index score of 108 — 10 points lower than in 1987, although the 1987 score was probably not a good indicator because the franchise was so new, Power said. Daihatsu dealers gave more "very acceptable" ratings on seven of the 13 major components. Daihatsu tied with Toyota for ninth place.

Mitsubishi dropped to 11th place in 1988 with a score of 105 — 10 points lower than in 1987. The drop was attributed to less-favorable dealer ratings on all 13 components and lower scores on all four DSI factors, with the largest declines recorded in the business terms and service support factors.

Volvo's score of 103 dipped five points from 1987 when it finished ninth. Volvo dealers gave the automaker more "very acceptable" ratings on only two of the 13 components — prompt payment of warranty claims and the handling of customer complaints.

All the General Motors divisions increased their scores — and some significantly so — in part because of the new GM10 cars. Buick, Pontiac and Oldsmobile all rated the factory higher on sales and product factors.

Cadillac's 1988 dealer satisfaction index score of 102 rose five points. Its dealers gave more "very acceptable" ratings than the year before on 10 of 13 major components. The biggest gains were on service and sales factors, Power said.

Cadillac and Lincoln-Mercury tied Porsche for 14th place and were the highest ranked among the domestic makers.

Buick, Oldsmobile and GMC each increased their scores by five points, and Pontiac rose by four. Chevrolet's score rose by two points.

Among the makes that lost significant ground in 1988 were Suzuki, down 10 points; Yugo, down 11 points; and Sterling, which ended up at the bottom of the list, down 14. In 1987, Sterling was given a ranking of 97 by its dealers, although it was so new a franchise that Power warned that probably would change quickly. Typically, dealers are happy with brand-new franchises.

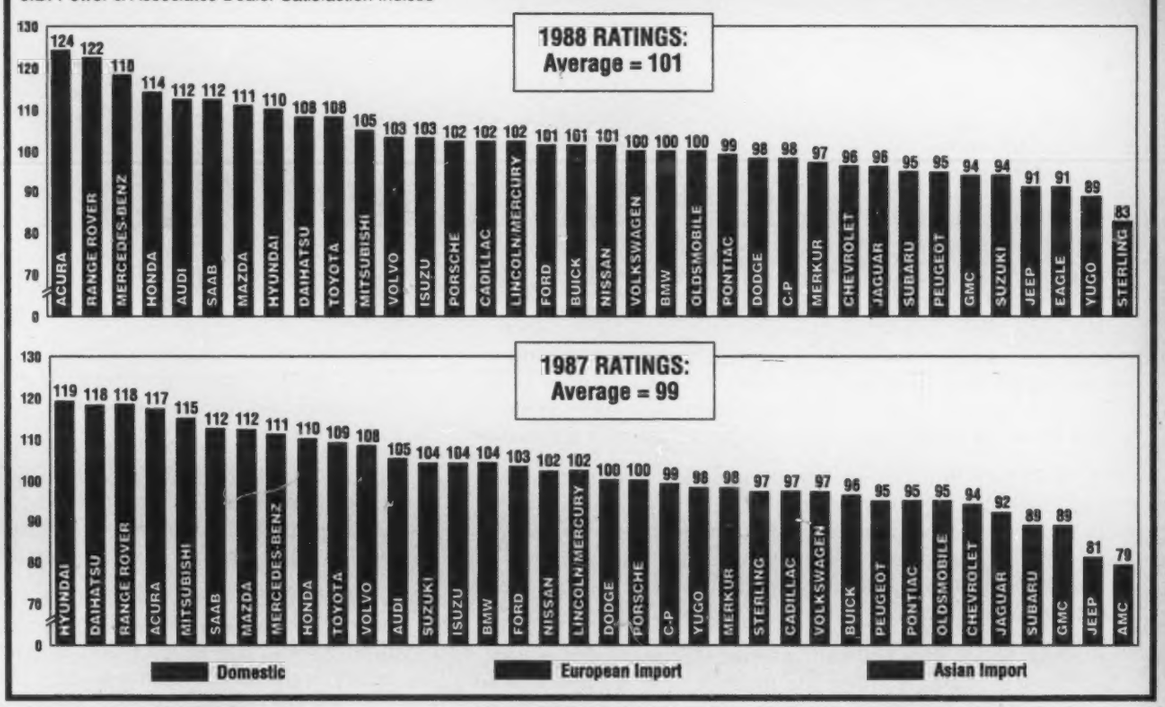
Some significant gains were made in 1988 by makes that nevertheless remained near the bottom of the satisfaction list: Jeep, up 10 points; Subaru, up six points; and Jaguar, up four.

The survey was developed to determine, through factor analysis of 31 manufacturer policies, those specific policies that most affect dealer appraisals of their factory relationship.

Analysis of the manufacturer policy ratings from the 1988 survey centered on four factors — business terms, manufacturer's service support, manufacturer's sales support and vehicle supply.

Dealers rate the factories

J.D. Power & Associates Dealer Satisfaction Indices



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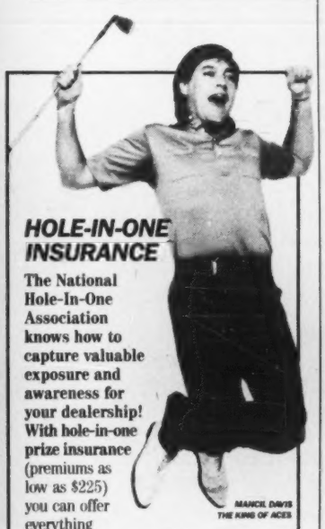

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Vermont's dealers plan school for technicians

MONTPELIER, Vt. — The 208-member Vermont Automobile Dealers Association is looking at immediate and future shortages of skilled technicians in realistic terms.

In a first for the industry regionally, a 6,000-square-foot building is scheduled to be constructed in the spring on the grounds of Vermont Technical College in Randolph Center. It will provide training for technicians.

The Vermont Automobile Dealers Association is both planning and paying for the development, with more than $200,000 already raised in donations and pledges from members.

Marilyn Miller, executive director, disclosed that the association is allocating $100,000 up front and borrowing $250,000 from the town of Randolph. The association members will repay the town over a five-year period.

Jeff Staudinger, executive director of the Green Mountain Economic Development Corp., helped arrange the grant. He called the dealer association-Randolph venture a "really unique example of cooperation between town, college and an association of private businesses."

Miller indicated that manufacturers and suppliers will be asked to provide equipment and vehicles for the project.

Beginning in the fall of 1990, participants in the program will be able to earn an associate degree in automotive technology at Vermont Technical College.

Barbara Gutheil, who directs the college's Center for Business and Industry, said prospective participants must meet the same admission standards as students in other educational programs.

Miller added that, at the outset, the automotive technology program will have maximum enrollment of 30.

AUCTION DATES

Chrysler Motors

Jan. 31 — Florida Auto Auction of Orlando, Ocoee, Fla.; Hatfield Auto Auction, Hatfield, Pa.; Arena Auto Auction, Chicago; American Auto Auction, Walpole, Mass.; Greensboro Auto Auction, Greensboro, N.C.; Nashville Auto Auction, Nashville, Tenn.; Portland Auto Auction, Portland, Ore.; and Riverside Auto Auction, Riverside, Calif.

Feb. 1 — A.D.E. of Birmingham, Birmingham, Ala., and Butler Auto Auction, Gibsonia, Pa.

Feb. 2 — Northway Exchange, Clifton Park, N.Y.; Aptco Auto Auction, Taylor, Mich.; Indianapolis Auto Auction, Indianapolis; Ark-La-Tex Auto Auction, Shreveport, La.; Omaha Auto Auction, Omaha, Neb.; and Southwest Auto Auction, Phoenix, Ariz.

Feb. 3 — Manheim Auto Auction, Manheim, Pa.

Ford Motor Co.

Jan. 31 — Greater Chicago Auto Auction, Chicago; Harrisonburg Auto Auction, Harrisonburg, Va.; and Bay Cities Auto Auction, Hayward, Calif.

Feb. 1 — Aptco Auto Auction, Taylor, Mich.; Indianapolis Auto Auction, Indianapolis; and Metro Auto of Kansas City, Lee's Summit, Mo.

Feb. 2 — Denver Auto Auction, Aurora, Colo.; Texas Hobby Auto Auction, Houston; Interstate Auto Auction, Mercer, Pa.; Minneapolis Auto Auction, Plymouth, Minn.; Nashville Auto Auction, Nashville, Tenn.; Southwest Auto Auction, Chandler, Ariz.; Skyline Auto Exchange, Fairfield, N.J.; and 166 Auto Auction, Springfield, Mo.

Feb. 7 — South Seattle Auto Auction, Kent, Wash.

Feb. 8 — Baltimore-Washington Auto Exchange, Baltimore; Clanton's Auto Auction, Darlington, S.C.; Mississippi Auto Auction, Hattiesburg, Miss.; Lakeland Auto Auction, Lakeland, Fla.; Southern California Auto Auction, Fontana, Calif.; Newburgh Auto Auction, Newburgh, N.Y.; Omaha Auto Auction, Omaha, Neb.; and Salt Lake Auto Auction, Salt Lake City.

Used Car Sales
Auction Averages

January 89	$5,520
Month ago	$5,742
Year ago	$4,841

Model Breakdown
Auction Averages

	JAN. 1989	DEC. 1988	NOV. 1988
1989 ...	$11,750	—	—
1988 ...	$8,666	$9,894	$9,514
1987 ...	$6,940	$7,686	$7,330
1986 ...	$5,911	$4,874	$5,997
1985 ...	$4,978	$4,747	$5,077
1984 ...	$3,763	$3,723	$3,721
1983 ...	$2,684	$2,776	$2,948
1982 ...	$2,332	$2,343	$2,228
Overall Average	$5,520	$5,824	$5,204

General Motors

Jan. 31 — Southern Auto Auction, East Windsor, Conn.; Dallas Auto Auction, Dallas; South Seattle Auto Auction, Kent, Wash.; and Manheim Auto Auction, Manheim, Pa.

Feb. 1 — Southern California Auto Auction, Fontana, Calif.; Atlanta Auto Auction, Atlanta; Clanton's Auto Auction, Darlington, S.C.; Omaha Auto Auction, Omaha, Neb.; and Baltimore-Washington Auto Exchange, Baltimore.

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Crisis warnings fly

Oil shortage, greenhouse effect feared

By Helen Kahn
SENIOR CORRESPONDENT

WASHINGTON — A new book warns that the auto industry must make more fuel efficient vehicles over the next decade to cope with the developing greenhouse effect and an expected oil shortage.

"The New Oil Crisis and Fuel Economy Technologies: Preparing the Light Transportation Industry for the 1990s," by Deborah L. Bleviss, says vehicles with larger engines emit carbon dioxide that causes global warming and serious climatic changes.

The less efficient vehicles also make the domestic industry particularly vulnerable to an energy shortage, Bleviss said, adding that U.S. makers lag behind imports in using energy-saving technologies.

Bleviss is a physicist who spent seven years with the Federation of American Scientists. She now heads the International Institute for Energy Conservation.

A major oil crisis by the year 2000 or so is a very real possibility, says Bleviss. Low oil prices during the 1980s stimulated greater fuel demand — 10 percent more from the industrialized countries of North America and Western Europe and nearly a 60 percent hike from Third World countries. At the same time, the United States suffered a sharp drop of more than half in its oil production.

Meanwhile, our dependence on OPEC has risen from 40 percent to 55 percent in about the last four years alone while OPEC itself is straining at 90-percent capacity.

Since the last oil crisis, Bleviss points out, the number of vehicles in the world has risen 60 percent to a record 530 million cars and light vehicles. Those in the West account for one-quarter of the petroleum used. Since the last oil shortage, various moves in Europe to reduce oil consumption in motor vehicles and corporate average fuel economy standards in the United States "succeeded beyond anyone's wildest dreams . . . ," Bleviss said.

But she believes that by the year 2000 fuel economy of the global fleet — 30 mpg for cars and just over 20 mpg for light trucks — will be no better than what was reached by the mid-1980s. This will occur, she projects, because of the sustained oil glut and low prices that have led the U.S. government to abandon its policy goals and let market forces work for the short term.

Producing more efficient light vehicles could slow the rate of global warming and lower the risk of another oil crisis, she says.

In addition, a fuel economy program would greatly reduce the U.S. trade deficit and make the domestic industry more nearly competitive with the Japanese and other Far East countries producing light vehicles.

Instead, over the protests of Chrysler Corp. and consumer and environmental groups, the Reagan administration rolled back fuel economy standards and told Congress it wants to eliminate CAFE altogether.

Congress ignored that request and passed an alternate fuel (mostly methanol) measure that could spur technology and provide some relief from CAFE standards.

She believes consideration should be given to the following:

- Volvo's LCP 2000 prototype, which uses an advanced diesel engine. It gets 81 mpg highway and 63 mpg city. This subcompact, completed in 1985, can reach 60 mph in 11 seconds.
- Detroit concept cars like General Motors' Saturn whose early prototype got 60 mpg highway and 45 mpg city (even though GM's planning goals have changed); Chrysler's Liberty whose early prototype reached 70 mpg highway and 46 mpg city; and the Ford Alpha, about which little is known.
- Toyota's "ultra lean burn" engine, which can improve fuel efficiency as much as 20 percent and was introduced in Europe in 1984 in the Toyota Carina.
- Isuzu's development of a ceramic diesel engine with the possibility of using waste energy to improve fuel economy.
- Toyota's Camry and Mitsubishi's Galant and their use of electronic controls to change transmission gearing and achieve a 10-percent economy improvement.
- Nissan's innovative use of a turbocharger, which varies size of the air intake nozzle with vehicle speed to improve engine efficiency.
- Subaru Justy and use of a continuously variable transmission.
- Toyota Starlet with a partial lean burn engine and a high 10:1 compression ratio.
- Polyair Maschinenbau GmbH (Austria) and its development of a tire made of liquid-injection-molded polyurethane.
- Honda and Ford for possible use of a stratified charge two-stroke engine.

In addition, Bleviss describes at some length such fuel efficient prototypes as: GM's TPC (two-passenger car) with aluminum body and engine offering 74 mpg highway and 61 mpg city; Ford's unnamed car with an advanced diesel engine that gets 92 mpg highway and 57 mpg city; VW's Auto 2000 that gets 71 mpg highway and 63 mpg city; VW's VW-E80 (similar to the Auto 2000) gets 99 mpg highway and 74 mpg city; and Renault's EVE with an advanced diesel engine and mileage of 81 mpg highway and 63 mpg city.

She also mentions Renault's Vesta 2, which uses lightweight material, is highly aerodynamic and gets 107 mpg highway and 78 mpg city; Peugeot's VERA, which uses an advanced diesel and improved aerodynamics to get 87 mpg highway and 55 mpg city;

Also, Peugeot's ECO-2000, which gets 77 mpg highway and 70 mpg city; and Toyota's AXV with an advanced diesel engine, continuously variable transmission, heavy use of plastics and aluminum, and improved aerodynamics to get 110 mpg highway and 89 mpg city.

Bleviss suggests revamping the Energy Department's research and development to emphasize medium-term goals such as energy storage systems and ceramic engines. Instead of having specific CAFE standards, she suggests Congress look into requiring percentage improvements.

But — however it is done — Bleviss says the goal should be 45 mpg for cars and 35 mpg for light trucks and vans within 10 years.

Stimulating automakers to sell fuel efficient cars is also needed, says Bleviss, but it will be the most difficult item since for the past eight years, they have been accustomed to getting relief from NHTSA.

Bleviss' book is available from Quorum Books, New York.

Trade deficit declines

Export gain brightens October auto tally

By Geoff Sundstrom
AUTOMOTIVE NEWS STAFF REPORTER

WASHINGTON — The U.S. automotive-trade deficit in passenger cars and light trucks for October improved 3.5 percent when compared with the year-earlier period.

The improvement was due to a 36.9 percent increase in export value for the month, although import value increased 2.61 percent.

October's drop in the automotive-trade deficit followed a month-earlier increase of 10.5 percent. The September increase was due to a surge in imports from Canada.

Comparing the 12-month period ended Oct. 31 with the year ended Oct. 31, 1987, the automotive-trade deficit dropped 4.9 percent.

As of October, the United States was running an annualized trade deficit in passenger cars and trucks of $43.477 billion, down $2.2 billion from a year earlier.

The annual total reflects a 4 percent decline in the number of vehicles imported to the United States. Exports jumped 23.7 percent during that time.

Trade numbers from the U.S. Commerce Department show a trade deficit for passenger cars and light trucks of $3.931 billion in October. Total car and truck exports had a value of $996.5 million during the month. Monthly car and truck imports were valued at $4.928 billion. The deficit for October 1987 was $4.075 billion.

Passenger-car exports totaled 66,255 with an estimated value of $817.1 million in October. Light-truck exports for the month were 16,098 vehicles with an estimated value of $179.4 million. Passenger-car exports were up 14.0 percent to Canada, 197.8 percent to Japan and 108.2 percent to nations lumped in the category of "other" by the Commerce Department. Passenger-car exports to those "other" countries totaled 13,955.

On the import side during October, Japan continued to show downturns in both the quantity and value of car shipments. The value of imported trucks from Japan increased for the month, although the number of vehicles fell.

Passenger-car shipments also declined from West Germany, United Kingdom, South Korea, Yugoslavia, France, Italy and Brazil. Shipments from "other" countries also declined for the month.

Canada, Sweden and Mexico all boosted shipments to the United States during October.

Total car and truck imports had a value of $4.928 billion in October, up 2.6 percent from $4.803 billion in October 1987. There were 472,405 finished vehicles imported to the United States in October 1988 vs.485,686 in October 1987.

That means the average value of automobiles shipped to the United States is increasing.

Imports of passenger cars reached 400,131 units for the month with a value of $4.317 billion. Light-truck imports were 72,274 units, with a value of $611.3 million. The value of imported trucks increased 57.5 percent in October and shipments increased 16.4 percent. The increase was due to a 24.6 percent rise in shipments from Canada.

Japanese-car imports dropped 6.9 percent for the month and the value of the shipments fell 2.6 percent. Japanese-truck imports were off 7.9 percent and their value was up 11.7 percent. Japan shipped 216,155 cars to the United States in October, down from 232,054 a year earlier. Truck shipments were 45,569 units, down from 49,447.

Canada had a 24.6 percent increase in car shipments during October, sending 101,543 to the United States for the month. Sweden shipped 8.1 percent more cars in October 1988 than in October 1987. Sweden's shipments were down for the year, however.

Mexico shipped 15,113 cars to the United States in October 1988, six more than in 1987.

Brazil did not ship a single passenger car to the United States in October. In October 1987, Brazil's total was 8,454.

After showing some improvement, shipments from South Korea again turned down in October, falling 19.9 percent. South Korean shipments are up 27.1 percent on an annualized basis.

Yugoslavian imports fell 81.7 percent for the month. Italian shipments were off 74.1 percent, and French passenger-car imports fell 55.8 percent. Imports from the United Kingdom were down 13.1 percent.

Car imports from "other" countries were down 16.4 percent to 1,952 vehicles.

U.S. AUTOMOTIVE TRADE BY VALUE
(x $1,000)

Passenger cars

Country	Trade	Oct. 1987	Oct. 1988	Nov. 1986-Oct. 1987	Nov. 1987-Oct. 1988
Japan	Export	$ 10,782	$ [illegible]	$ 82,786	$ 222,212
	Import	2,086,141	2,032,008	21,093,448	19,837,089
Canada	Export	466,734	873,773	5,434,792	6,384,089
	Import	927,761	1,149,601	10,004,248	13,393,341
West Germany	Import	682,284	497,553	8,631,041	6,[illegible]
South Korea	Import	180,284	152,720	1,813,519	2,[illegible]
Sweden	Import	173,193	198,401	1,991,672	1,[illegible]
Mexico	Import	131,077	131,370	957,029	1,[illegible]
Yugoslavia	Import	13,707	2,237	287,936	89,412
United Kingdom	Import	97,923	105,729	982,467	995,122
Italy	Import	11,927	6,982	227,496	181,327
France	Import	19,733	9,757	207,167	169,189
Brazil	Import	43,449	0	180,966	388,145
Others	Export	91,955	89,054	748,655	1,581,247
	Import	37,285	29,812	273,935	288,080
Car total	Export	569,451	817,083	6,246,242	8,188,548
	Import	4,414,574	4,316,941	47,380,941	47,089,878
Trade balance		(3,845,123)	(3,499,878)	(41,134,699)	(38,901,372)
Light trucks (up to 10,000 lbs. GVW)					
Canada	Export	$ 129,822	$ 136,239	$ 1,470,218	$ 1,675,767
	Import	109,296	307,120	1,565,959	3,177,971
Japan	Import	286,566	297,788	4,477,403	3,271,245
Mexico	Import	191	505	108,173	7,820
Others	Export	28,573	43,184	165,487	368,607
	Import	12,099	5,933	55,050	153,302
Truck total	Export	158,394	179,422	1,635,705	2,034,373
	Import	388,144	611,346	6,204,585	6,610,347
Trade balance		(229,750)	(431,924)	(4,568,880)	(4,575,974)
Car and truck total	Export	727,845	996,485	7,881,947	10,222,921
	Import	4,802,718	4,928,287	53,585,526	53,700,222
VEHICLE TRADE BALANCE		(4,074,873)	(3,931,802)	(45,703,579)	(43,477,301)
TOTAL U.S. merchandise trade (customs value)	Export	22,074,600	27,651,500	245,423,700	312,980,000
	Import	37,630,900	38,018,409	415,725,300	453,441,900
TRADE BALANCE		(15,556,100)	(10,366,900)	(170,301,600)	(140,461,900)

U.S. AUTOMOTIVE TRADE BY QUANTITY

Passenger cars

Country	Trade	Oct. 1987	Oct. 1988	Nov. 1986-Oct. 1987	Nov. 1987-Oct. 1988
Japan	Export	744	2,216	3,970	17,719
	Import	232,054	216,155	2,449,588	2,132,712
Canada	Export	43,938	50,084	550,218	627,719
	Import	81,467	101,543	925,736	1,197,244
West Germany	Import	26,617	28,193	381,040	276,881
South Korea	Import	34,578	27,679	356,444	453,146
Sweden	Import	11,384	12,285	146,586	108,915
Mexico	Import	15,107	15,113	100,607	148,022
Yugoslavia	Import	5,479	1,001	52,582	33,547
United Kingdom	Import	3,728	3,238	46,086	34,356
Italy	Import	475	123	21,147	6,314
France	Import	1,921	849	28,786	16,584
Brazil	Import	8,454	0	32,951	65,521
Others	Export	6,702	13,956	56,063	123,366
	Import	2,336	1,952	17,748	18,410
Car total	Export	51,384	66,255	610,271	769,003
	Import	423,576	400,131	4,559,280	4,490,645
TRADE BALANCE		(372,192)	(333,876)	(3,949,009)	(3,721,642)
Light trucks (up to 10,000 lbs. GVW)					
Canada	Export	12,848	12,809	154,842	166,294
	Import	11,978	26,994	168,610	282,301
Japan	Import	49,477	45,569	622,139	564,692
Mexico	Import	30	0	13,592	36
Others	Export	2,033	3,289	14,060	29,779
	Import	825	11	1,930	2,642
Truck total	Export	14,887	16,098	168,903	196,073
	Import	62,110	72,274	1,006,270	850,272
Trade balance		(47,223)	(56,176)	(837,373)	(655,099)
Car and truck total	Export	66,271	82,353	779,174	964,976
	Import	485,686	472,405	5,565,550	5,340,917
TRADE BALANCE		(419,415)	(390,052)	(4,786,382)	(4,376,841)

Compiled by Automotive News from official statistics of the U.S. Commerce Department, as reported by the U.S. International Trade Commission. Because of rounding, figures may not add to the totals shown.

Deaths up more on 65-mph roads

By Diana T. Kurylko
AUTOMOTIVE NEWS STAFF REPORTER

WASHINGTON — Fatalities increased 19 percent on rural highways in the 38 states that raised the speed limit to 65 mph. The increase was almost three times as high as in states that kept the limit at 55 mph.

An NHTSA study said the fatality rate increased 7 percent in 10 states that retained a 55-mph speed limit on rural interstates.

Congress passed a law in 1987 that allowed states with rural interstate highways to raise the speed limit from 55 mph to 65 mph. Alaska and Delaware, do not have any federal interstate highways with the rural designation.

The report is the first of three studies required by Congress to assess the impact on safety of a higher speed limit.

The speed limit has been increased to 65 mph on 89 percent of eligible rural interstate highways. An interstate is designated as rural if it passes through an area with fewer than 50,000 residents.

NHTSA warned that despite the initial findings, the higher speed limit has not been in existence long enough to effectively determine the long-term safety impact.

The study showed dramatic variations among states. About 64 percent of the increase in rural interstate highway fatalities occurred in six states — Arizona, California, Louisiana, New Mexico, Tennessee and Texas.

But in one of those states, California, fatalities increased more on segments of rural interstate highways that kept the limit at 55 mph than where the limit was 65 mph.

By contrast, the overall fatality rate fell in Colorado, Florida, Indiana, Maine, New Hampshire, Oklahoma and Oregon, where the speed limit was boosted to 65 mph.

Critics of the higher speed limit said the study backs their position.

DOMESTIC SALES

	Jan. 11-20, 1989	Jan. 11-20, 1988
Eagle	972	861
Chrysler	6,361	6,893
Plymouth	5,418	6,733
Dodge	9,405	10,141
Chrysler Motors	22,156	24,628
Ford	36,848	42,459
Mercury	10,859	13,660
Lincoln	4,870	4,745
Ford Motor Co.	52,577	60,864
Buick	10,513	15,899
Cadillac	6,261	6,879
Chevrolet	25,895	32,826
Oldsmobile	14,354	16,403
Pontiac	13,722	18,581
General Motors	70,745	90,590
Volkswagen	—	1,106
Honda	6,304	6,446
Nissan	1,945	1,711
Toyota	1,571	678
Mazda	675	362
U.S. Ind. Total	155,973	186,385

Sales slide for U.S. cars in mid-Jan.

By Philly Murtha
AUTOMOTIVE NEWS STAFF REPORTER

Following a 2.75 percent sales lag in early January, U.S. automakers reported that sales of domestic cars for Jan. 11-20 continued to slide. The mid-month total was 16.32 percent below last year's.

A year ago, mid-January domestic-car deliveries rose a whopping 48.19 percent over the previous year's, but that was a fluke: the 1987 figures were squelched by the end of the sales-tax deduction for new cars.

The early 1988 numbers were also inflated because consumer confidence had risen following the stock market collapse of late 1987.

Domestic-car sales for Jan. 11-20 totaled 155,973, compared with 186,385 in the same period of 1988. There were nine selling days in each period. The daily selling rate was 17,330 this year and 20,709 last year.

Transplants Nissan, Toyota and Mazda delivered more U.S.-built cars this year, but Honda and the Big 3 reported sales declines.

Nissan's transplant car sales rose to 1,945, up 13.68 percent from 1,711 in the 1988 period.

Toyota's sales of U.S.-built cars more than doubled from 678 a year ago to 1,571. Mazda sold nearly twice as many U.S.-produced MX-6 models produced at its Flat Rock, Mich., plant.

General Motors sold 70,745 cars in mid-January, 21.91 percent fewer than the 90,590 it delivered last year.

Ford Motor Co. reported 52,577 car sales, a decline of 13.62 percent from 60,864 last year. However, Lincoln Continental sales doubled this year.

Chrysler Motors also reported a sales downturn. Deliveries totaled 22,156, down 10.04 percent from last year's 24,628.

Honda's sales of U.S.-built cars were down 2.20 percent — 6,304 this year and 6,446 in 1988.

U.S. light-truck sales slipped 2.99 percent to 102,707 units, down from 105,868 in mid-January 1988.

Nissan was the only light-truck maker to report a gain; it was up 23.41 percent. Chrysler's domestic light-truck sales lagged 1.16 percent; GM's dropped 3.35 percent, and Ford's slipped 5.57 percent.

Combined sales of U.S.-built cars and light trucks were 258,680, down 11.49 percent from last year's 292,253. In mid-January, Big 3 car-truck sales fell 5 to 16 percent. Nissan's sales were up 19.48 percent.

Mid-sizers lead surge

Intermediate sales rise 10% in 1988

By Kathy Boyer
AUTOMOTIVE NEWS STAFF REPORTER

Increased sales of subcompact, compact and intermediate-sized cars helped boost the 1988 calendar-year car sales total almost 4 percent over 1987.

Several new models and strong incentives throughout the year also contributed to the increase.

Car sales in 1988 totaled 10,591,126, up 3.62 percent over the 10,221,310 sold in 1987.

Nine new models joined the Automotive News market-segment list last year.

Sales of intermediates increased marginally in 1988 as four new models entered that segment. Sales totaled 3,738,755, which was 10.36 percent above the 3,387,676 intermediates sold in 1987.

Four models joined the intermediate class last year. The Mercedes 300-SE chalked up 5,331 sales. Dodge Spirit sales were 3,950; Plymouth Acclaim sales were 3,508, and the Audi 100/200 models accounted for 3,306.

GM's contribution of 341,258 W-body (GM10) cars also helped boost sales of intermediate-sized autos.

The next largest increase in 1988 was in the compact-car class. Sales totaled 2,730,173 units, 2.15 percent more than the 2,672,585 sold a year earlier.

The new Ford Probe wound up with 77,763 sales, which was more than the increase for compact-car class as a whole. The Probe went on sale last spring.

Subcompact sales totaled 2,507,120 in 1988, an increase of 1.68 percent over the 2,465,674 sold in 1987.

Contributing to the increase for the subcompact class was the introduction of three new models.

The Daihatsu Charade finished the year with 11,460; the Eagle Summit had 4,603, and the Suzuki Swift, which went on sale late in 1988 had 524.

Standard-sized cars accounted for sales of 1,403,116, down 1.80 percent from 1,428,836 in 1987.

There was a significant sales decline in the specialty-car market despite the addition of 4,514 new Buick Reattas.

Sales of the more sporty and/or expensive models totaled 202,523 units, 19.62 percent below the 251,961 sold in the 1987 calendar year.

Three two-seat models contributed to the fall of specialty-car sales.

The Pontiac Fiero showed the largest decline of any model in the specialty segment with a year-to-year loss of 17,709 units.

Because of sluggish sales of the two-seater, Pontiac closed the Fiero plant and discontinued the line last fall.

The Mazda RX-7 and Nissan 300-ZX were the other hurting two-seaters in the specialty segment in 1988 compared with 1987.

The three top sellers in the United States last year were Ford Escort, Chevrolet Corsica/Beretta and Ford Taurus.

Escort retained its 1987 position, but Taurus slipped from second place. Corsica/Beretta, a late starter in 1987, moved up from 11th place.

TOP TEN SELLING CARS

1988 Position	1988 Sales	Make	1987 Sales	1987 Position
1	387,815	Escort	392,360	1
2	380,301	Corsica/Beretta	214,074	11
3	374,627	Taurus	354,971	2
4	362,663	Accord	334,876	3
5	306,267	Cavalier	307,026	4
6	285,141	Tempo	219,296	10
7	264,282	Hyundai	263,610	6
8	252,861	Celebrity	306,480	5
9	249,523	Sentra	235,944	8
10	237,386	Cutlass Ciera	244,607	7

Option hikes, package switches trigger price boosts at Chrysler

HIGHLAND PARK, Mich. — Chrysler Motors has quietly raised the prices of its vehicles by cutting the package discounts on some models and increasing the prices of its optional accessories.

Prior to Jan. 2, it offered a discount package, for example, on standard-wheelbase four-cylinder Caravans and Voyagers. The package no longer includes a free automatic transmission, priced at $565 retail and $480 wholesale.

The company also raised the retail price of its Dakota two-wheel-drive sport pickup by $235 — from $11,058 to $11,293. The wholesale price of that model jumped from $9,831.04 to $10,037.84.

Similarly, the retail price of a D-100 2wd model with an eight-foot pickup box increased $313 — from $9,559 to $9,872. The wholesale price went from $8,848.69 to $9,133.52.

Some of the other models affected by higher prices include the Caravan C/V cargo van, Dakota S, D and W-series 2wd and 4wd pickups, and the 2wd and 4wd Ramchargers.

The accessory hikes include increases of $5 each for speed control, tilt steering column, power door locks and power windows accessories.

Chrysler also hiked the price of optional air conditioning on cars by some $80.

Corrections

A list of nominees for Time Magazine's Quality Dealer of the Year in the Jan. 23 issue of Automotive News did not include William R. Baierl, president of Baierl Chevrolet (Chevrolet-Honda), Wexford, Pa., nominated by the Pittsburgh Automobile Trade Association.

Also, the address for Dynamic Enterprises International, an exhibitor at this week's National Automobile Dealers Association convention, is P.O. Box 69446, Los Angeles, CA 90069.

CAR SALES BY SIZE CLASS
1988 VS. 1987

	1988	1987
Subcompact Cars		
Escort	387,815	392,360
Hyundai	264,282	263,610
Sentra	249,523	235,944
Civic/CRX	225,543	221,252
Corolla	216,677	164,300
Tercel	104,655	100,590
Geo Prizm/Nova	96,868	134,958
Mazda 323	90,822	76,212
Colt	79,885	79,367
Festiva	69,167	26,750
Spectrum	68,347	76,852
LeMans	64,037	35,564
Horizon	61,142	46,460
Omni	59,664	37,726
Lynx/Tracer	58,921	66,938
Integra	57,468	54,757
Fox	56,932	40,176
Sprint	48,085	60,359
Pulsar	44,317	61,765
Golf/GTI	35,840	61,084
Yugo	31,546	48,812
Subaru Justy	27,313	13,240
Precis	21,613	20,656
Vista	19,439	29,380
I-Mark	17,310	32,300
Cabriolet	12,791	13,563
Mirage	11,997	15,185
Daihatsu	11,460	0
Summit	4,603	0
Alliance	4,418	24,770
Scirocco	3,754	6,971
Suzuki Swift	524	0
Chevette	205	16,967
Pontiac 1000	154	4,826
TOTAL	2,507,120	2,465,674
Compact Cars		
Accord	362,663	334,876
Cavalier	306,267	307,026
Tempo	285,141	219,296
Grand Am	232,010	211,192
Reliant	109,858	105,919
Calais	106,117	101,861
Aries	102,489	99,039
Topaz	92,723	63,200
Shadow	91,090	77,086
Sundance	89,218	75,883
Sunbird	85,573	79,014
Probe	77,763	0
Daytona	72,171	41,776
Mazda 626	66,354	74,439
Celica	66,331	79,333
Subaru Sta. Wgn.	65,733	62,408
Somerset/Skylark	58,346	67,078
Prelude	52,541	72,708
Jetta	51,036	52,553
Stanza	46,638	67,604
Mazda MX-6	39,362	12,116
BMW 325	36,663	57,754
Subaru 4-Dr. Sdn.	34,389	39,397
Nissan 200SX	31,900	30,085
Skyhawk	26,056	38,651
LeBaron K	20,113	54,746
Mercedes 190	16,740	17,545
Subaru XT	14,077	17,901
Dodge 600	11,943	36,346
Firenza	9,148	17,626
Subaru 3-Door	9,105	14,541
Impulse	7,210	7,287
Mercedes 260E	6,370	6,160
Audi 90	6,105	768
Cordia	5,919	4,499
Cimarron	5,884	12,295
Merkur XR4Ti	5,745	6,123
Audi 80	5,702	550
Subaru Hatchback	5,327	8,377
Quantum	3,031	6,722
Milano	2,325	2,903
BMW M3	1,675	1,121
Eagle	1,392	4,564
Turismo	1,115	16,991
Charger	1,022	18,032
Maserati	733	932
Tredia	477	4,972
Audi Coupe GT	278	1,990
Audi 4000S	218	9,043
Audi 4000CS Quattro	77	2,929
BMW 318i	9	18
Laser	0	4,306
TOTAL	2,730,173	2,672,585
Intermediate Cars		
Corsica/Beretta	380,201	214,074
Taurus	374,627	354,971
Celebrity	252,861	306,480
Cutlass Ciera	237,386	244,607
Camry	227,140	186,633
Mustang	170,080	172,602
Century	131,994	147,797
Regal	122,571	53,853
Sable	119,218	104,518
Thunderbird	117,866	132,623
Cutlass Supreme	116,179	92,779
Grand Prix	102,248	16,383
Camaro	101,695	117,324
Cougar	100,961	110,722
LeBaron J	99,833	87,802
Pontiac 6000	97,926	120,373
New Yorker G	83,622	8,581
Dynasty	83,012	3,092
Maxima	74,451	93,269
Legend	70,770	54,713
Firebird	58,493	73,190
Continental	47,424	12,909
Volvo 740 Series	42,642	41,380
Volvo 240 Series	41,837	49,107
Premier	40,872	192
Eldorado	31,199	21,470
Monte Carlo	28,740	63,577
Mazda 929	25,981	6,913
Mark VII	22,526	27,119
Seville	22,439	21,515
Mercedes 300	21,165	23,456
Galant	20,625	10,856
Supra	19,596	29,907
Jaguar XJ6	15,944	17,539
LeBaron GTS	15,180	30,939
Toronado	14,887	16,667
Medallion	14,712	13,991
New Yorker E	14,550	50,479
Cressida	14,195	21,968
Caravelle	12,903	36,077
Riviera	11,750	16,187
Volvo 760 Series	11,688	14,109
BMW 528e	10,218	9,405
Lancer	10,032	22,422
Saab 900S	9,962	14,357
Merkur Scorpio	9,516	5,178
Saab 900 Turbo	9,331	9,120
Sterling	8,822	14,171
BMW 535i/535iS	8,407	6,550
Saab 9000 Turbo	8,262	7,341
Peugeot	6,704	9,422
Saab 900	6,593	9,831
Audi 5000S	5,333	17,356
Mercedes 300 SE	5,331	0
Jaguar XJS	4,783	5,380
Spirit	3,950	0
Saab 9000S	3,596	3,715
Acclaim	3,508	0
Audi 100/200	2,429	0
BMW 6-Series	1,863	1,944
Volvo 780	1,681	511
Audi 5000CS Turbo Quattro	1,017	5,062
Audi 5000CS Turbo	906	3,604
Audi 100/200 Quattro	877	0
BMW M6	666	588
BMW M5	547	403
Mercedes 300SDL Turbo	90	6,035
BMW 524 TD	3	28
Marquis	0	2,510
TOTAL	3,738,755	3,387,676
Standard Cars		
Caprice	172,993	177,344
Olds 88	156,205	168,853
DeVille	157,218	146,174
LeSabre	141,440	141,126
Lincoln	121,674	126,009
Grand Marquis	114,385	113,972
Crown Victoria	114,212	118,034
Bonneville H	107,987	102,377
Electra	84,453	82,719
Olds 98	73,348	72,001
Brougham	46,743	57,313
Fifth Avenue	35,967	58,270
Diplomat	20,414	12,775
Gran Fury	13,315	7,782
BMW 7-Series	13,308	10,028
Mercedes 420SEL	8,500	14,945
Paris./Safari	6,647	10,077
Mercedes 560SEL	5,829	6,346
Mercedes 300SEL	4,826	906
Mercedes 560SEC	1,652	1,785
TOTAL	1,403,116	1,428,836
Specialty Cars		
Mazda RX-7	27,814	38,345
Fiero	24,121	41,830
Corvette	23,281	25,437
Toyota 4Runner SR 5	20,880	3,635
Nissan 300ZX	19,357	33,566
Mercedes 560SL	11,844	11,825
Conquest	9,873	11,590
Toyota MR2	8,044	15,847
Mitsubishi Van/Wagon	6,328	6,700
Toyota Land Cruiser	6,024	5,008
Mazda MPV	5,717	0
Vanagon	5,416	10,656
Toyota Van	5,341	12,892
Reatta	4,514	0
Porsche 944	3,722	6,336
Allante	3,065	2,517
Starion	3,016	5,084
Porsche 911 Coupe	2,962	4,157
Porsche 924S	2,321	2,975
Spider	2,151	3,397
Porsche 944 Turbo	1,880	2,588
Porsche 911 Cabriolet	1,777	2,192
Porsche 928S	1,427	1,967
Porsche 911 Turbo	1,104	1,541
Porsche 944S	544	1,876
TOTAL	202,523	251,961
Total Car Sales	**10,581,687**	**10,206,732**

Totals do not include four-qtr. deliveries.

PRODUCTION

Car output climbs 3% to 158,083

By Kathy Boyer
AUTOMOTIVE NEWS STAFF REPORTER

U.S. carmakers continue to increase their production schedules from week to week.

Last week's targeted output totaled 158,083 cars, 3.00 percent above the previous week's 153,472 and 24.31 percent more than the year-ago week's 127,166.

The year-ago week's output was affected by extended downtime at several plants due to slow sales.

So far this year, 569,745 cars have been assembled, 19.92 percent more than the 475,112 completed last year at this point.

Last week's scheduled output was shared as follows: General Motors, 48.27 percent; Ford Motor Co., 26.72 percent; Chrysler Motors, 12.65 percent; Honda of America Manufacturing, 4.98 percent; Mazda Motor Manufacturing (U.S.A.) Corp., 3.05 percent; New United Motor Manufacturing Inc., 2.53 percent; Nissan Motor Manufacturing Co. U.S.A., 1.48 percent; and Diamond-Star Motors, 0.32 percent.

Truck output was slated at 95,337 units last week, slightly above (0.98 percent) the prior week's 94,416 and 9.58 percent more than the year-ago week's 87,004.

Year-to-date, 345,303 trucks have been built, 4.91 percent more than the 329,138 assembled last year at this time.

GM closed its Fairfax, Kan., plant today for one week to adjust inventory of the Pontiac Grand Prix. The plant is expected to resume operations Feb. 6.

GM shut down its Reatta Craft Centre in Lansing, Mich., last week due to slow sales and to prepare the plant for convertible production. No date was given for resumption of operations at the facility.

GM's Pontiac Central plant in Pontiac, Mich., resumed output last week after being idle for one week for inventory adjustment.

Overtime was slated last Saturday at GM's Lordstown, Ohio; Pontiac, Mich.; Fort Wayne, Ind.; and Moraine, Ohio, plants.

No overtime was scheduled last Saturday at Ford plants.

However, all Ford plants are scheduled for daily overtime this week.

Canada trucks top cars again

Once again last week, Canadian truckmakers targeted a higher weekly build than the carmakers.

Scheduled production of 21,225 trucks was 1.05 percent below the previous week's 21,451 but 5.37 percent more than the year-ago week's 20,143.

Continuing to lead car assembly, year-to-date truck production totaled 78,310, an increase of 7.16 percent over the 73,080 completed last year at this point.

Auto production was scheduled at 21,095 units last week, 6.48 percent more than the preceding week's 19,811 but 6.57 percent below the year-ago week's 22,579.

So far this year, 72,361 cars have been built.

U.S. CAR	Week Ended Jan. 28, 1989	Week Ended Jan. 30, 1988	Week Ended Jan. 21, 1989	Jan. Est.	Jan. 1 to Jan. 28, 1989	Jan. 1 to Jan. 30, 1988
Horizon	0	1,867	0	0	0	6,298
Sundance	2,900	2,273	2,800	10,116	10,116	8,225
Reliant	0	2,086	0	0	0	4,425
Acclaim	1,200	0	1,394	4,810	4,810	0
Caravelle	0	493	0	0	0	1,275
Gran Fury	0	284	0	0	0	757
Total Plymouth	4,100	6,803	3,994	14,926	14,926	20,978
LeBaron K	0	359	0	0	0	716
LeBaron J	2,700	0	2,289	9,332	9,332	0
LeBaron GTS	200	193	246	908	908	677
N. Yorker C-Class	2,700	1,853	2,370	9,519	9,519	6,030
Fifth Avenue	0	1,242	0	0	0	5,115
Total Chrysler	5,600	3,647	4,905	19,759	19,759	12,538
Omni	0	1,589	0	0	0	6,126
Daytona	2,700	0	2,276	9,376	9,376	0
Shadow	2,700	2,120	2,453	9,490	9,490	8,583
Aries	0	2,027	0	0	0	4,480
Dodge 600	0	390	0	0	0	1,072
Dynasty	3,500	1,861	3,115	12,389	12,389	6,713
Lancer	200	219	207	782	782	889
Spirit	1,200	0	1,371	4,997	4,997	0
Diplomat	0	288	0	0	0	1,341
Total Dodge	10,300	8,574	9,422	37,034	37,034	29,204
CHRYSLER MOTORS	20,000	19,024	18,321	71,719	71,719	62,720
Escort	9,262	9,200	8,771	34,039	34,039	36,178
Mustang	4,535	4,628	4,462	16,404	16,404	18,253
Tempo	4,003	4,030	3,959	15,079	15,079	17,205
Taurus	8,568	8,458	8,562	32,307	32,307	32,144
Thunderbird	4,027	3,462	4,344	13,700	13,700	12,578
Total Ford Div.	30,415	29,778	30,098	111,529	111,529	116,358
Topaz	1,509	1,486	1,468	5,609	5,609	6,373
Cougar	2,676	2,306	3,110	11,135	11,136	10,499
Sable	2,959	2,150	2,990	11,229	11,229	8,138
Total Mercury	7,144	5,944	7,568	27,976	27,976	25,010
Continental	1,564	726	1,566	6,145	6,145	2,984
Mark VII	775	649	780	3,057	3,057	2,273
Lincoln	2,349	2,776	2,346	9,217	9,217	12,461
Total Lincoln	4,688	4,151	4,692	18,419	18,419	17,718
Total L-M Division	11,832	10,095	12,260	46,395	46,395	42,728
FORD MOTOR CO.	42,247	39,873	42,358	157,924	157,924	159,086
Skyhawk	324	1,044	331	1,867	1,867	3,109
Skylark/Somerset	1,155	572	839	2,283	2,283	2,967
Century	3,525	0	3,399	12,970	12,970	2,871
Riviera	629	186	667	2,384	2,384	183
Electra	2,019	1,259	2,002	6,826	6,826	5,968
LeSabre (fwd)	552	2,370	0	552	552	9,485
LeSabre (rwd)	220	60	172	782	782	428
Reatta	0	43	277	786	786	219
Total Buick	8,424	5,534	7,677	28,430	28,430	25,250
Cimmaron	0	279	0	0	0	1,152
Eldorado	742	617	766	2,798	2,798	536
Seville	562	461	590	2,125	2,125	489
Brougham (rwd)	1,220	0	1,060	4,230	4,230	0
Deville (fwd)	4,740	4,033	4,430	16,217	16,217	14,810
Allante	75	30	75	286	286	30
Total Cadillac	7,339	5,420	6,941	25,655	25,655	17,019
Cavalier	8,963	6,632	8,567	33,814	33,814	27,036
Camaro	2,540	1,918	2,420	9,472	9,472	3,823
Celebrity	4,395	0	4,555	17,076	17,076	6,535
Corsica/Beretta	9,315	8,189	9,038	33,702	33,702	23,856
Caprice	3,750	4,425	3,269	13,262	13,262	17,212
Corvette	520	451	520	1,850	1,850	1,599
Total Chevrolet	29,483	21,615	28,369	109,176	109,176	80,063
Calais	1,995	1,794	1,429	3,903	3,903	8,327
Firenza	0	536	0	0	0	1,557
Cutlass Ciera	1,640	0	1,681	6,322	6,322	0
Cutlass Supreme	3,650	2,392	3,623	10,919	10,919	5,966
Toronado	315	327	314	1,181	1,181	363
88 (fwd)	4,027	3,283	3,997	14,035	14,035	13,440
88 (rwd)	285	320	226	920	920	1,278
Olds 98	2,202	1,830	2,162	7,439	7,439	6,599
Total Oldsmobile	14,114	10,482	13,412	44,719	44,719	37,550
Sunbird	2,347	2,190	2,149	9,042	9,042	8,597
Grand Am	4,800	4,859	4,819	18,305	18,305	19,183
Firebird	1,610	2,052	1,566	6,010	6,010	4,079
Grand Prix	3,655	0	4,000	11,655	11,655	0
Pontiac 6000	2,245	0	2,194	8,339	8,339	86
Bonneville	2,100	1,932	2,357	7,238	7,238	7,699
Safari/Parisienne	160	194	52	421	421	353
Fiero	0	0	0	0	0	240
Total Pontiac	16,917	11,227	17,137	61,010	61,010	40,237
GENERAL MOTORS	76,277	54,278	73,536	288,990	288,990	200,119
DIAMOND-STAR	513	0	549	2,078	2,078	0
HONDA	7,880	6,673	7,607	28,625	28,625	27,758
Civic	2,780	1,665	2,593	9,764	9,764	6,670
Accord	5,100	5,008	5,014	18,861	18,861	21,088
MAZDA†	4,826	865	5,004	18,218	18,218	3,248
NISSAN	2,340	1,338	2,367	9,040	9,040	5,354
NUMMI	4,000	3,237	3,730	13,151	13,151	12,801
Corolla	1,600	1,193	1,574	5,998	5,998	4,717
Nova	2,400	2,044	2,156	7,153	7,153	8,084
VOLKSWAGEN	0	1,878	0	0	0	4,026
Golf/GTI	0	1,378	0	0	0	3,026
Jetta	0	500	0	0	0	1,000
Total Cars, U.S.	158,083	127,166	153,472	569,745	569,745	475,112
Total Cars, Canada	21,095	22,579	19,811	72,361	72,361	88,759
U.S., Canada Cars	179,178	149,745	173,283	642,106	642,106	563,871
U.S., Canada Cars and Trucks	295,740	256,692	289,151	1,065,719	1,065,719	966,089

Monthly estimates may contain error of one or two units due to rounding.
†—Total includes the MX-6 and Ford Probe.

CANADIAN CAR	Week Ended Jan. 28, 1989	Week Ended Jan. 30, 1988	Week Ended Jan. 21, 1989	Jan. Est.	Jan. 1 to Jan. 28, 1989	Jan. 1 to Jan. 30, 1988
Premier	1,275	1,650	1,291	3,863	3,863	6,236
CHRYSLER MOTORS	1,275	1,650	1,291	3,863	3,863	6,236
Tempo	4,037	4,127	4,515	15,972	15,972	16,823
Topaz	1,723	1,445	1,170	5,108	5,108	6,556
Crown Victoria	2,899	2,697	2,953	10,883	10,883	11,430
Grand Marquis	2,861	2,508	2,910	10,712	10,712	10,870
FORD MOTOR CO.	11,520	10,777	11,548	42,675	42,675	45,681
Celebrity	214	838	199	784	784	1,865
Cutlass Ciera	4,058	4,102	3,820	14,923	14,923	14,418
Lumina	270	0	123	464	464	0
Pontiac 6000	0	1,180	0	0	0	4,839
Regal	1,928	3,333	1,140	3,301	3,301	12,663
GENERAL MOTORS	6,470	9,453	5,282	19,472	19,472	34,004
Civic	1,650	0	1,510	5,686	5,686	0
Accord	0	0	0	0	0	0
HONDA	1,650	589	1,510	5,686	5,686	2,428
VOLVO	180	110	180	665	665	410
Total Cars, Canada	21,095	22,579	19,811	72,361	72,361	88,759

U.S. TRUCK☆	Week Ended Jan. 28, 1989	Week Ended Jan. 30, 1988	Week Ended Jan. 21, 1989	Jan. Est.	Jan. 1 to Jan. 28, 1989	Jan. 1 to Jan. 30, 1988
Caravan	2,400	2,258	2,078	9,038	9,038	7,297
Dakota	2,200	3,180	2,305	8,089	8,089	12,542
Mini-Ram Van	200	353	186	777	777	1,144
Pickups	2,200	1,587	2,301	8,085	8,085	6,212
Total Dodge	7,000	7,378	6,870	25,989	25,989	27,195
Cherokee	5,000	3,772	4,718	15,887	15,887	13,872
Commanche	800	1,096	766	2,683	2,683	3,697
Grand Wagoneer	300	350	350	1,265	1,265	994
Wagoneer	200	289	216	730	730	1,086
Total Jeep	6,300	5,507	6,050	20,565	20,565	19,651
Voyager	2,200	2,059	1,966	8,473	8,473	6,715
Total Plymouth	2,200	2,059	1,966	8,473	8,473	6,715
CHRYSLER MOTORS	15,500	14,944	14,886	55,027	55,027	53,561
Aerostar	4,980	4,460	4,751	18,436	18,436	17,827
Bronco	1,861	1,252	2,148	7,532	7,532	5,076
Bronco II	2,931	3,004	2,819	10,440	10,440	12,659
Econoline	5,218	5,238	5,178	19,474	19,474	20,141
Heavy trucks	1,309	1,333	1,315	4,966	4,966	5,285
Light trucks	11,442	10,047	11,822	43,306	43,306	38,359
Ranger	7,612	7,795	7,320	27,158	27,158	28,867
Total Ford Div.	35,333	33,129	35,351	131,312	131,312	126,205
FORD MOTOR CO.	35,333	33,129	35,351	131,312	131,312	126,205
Astro	3,464	3,549	3,487	13,073	13,073	13,703
Blazer	527	629	606	2,197	2,197	2,162
Mediums/Heavies	0	264	0	0	0	1,339
P-Model	694	948	868	1,562	1,562	3,901
Pickups	10,236	6,135	10,639	35,727	35,727	23,395
S-10	6,163	5,079	6,212	23,168	23,168	20,555
S-10 Blazer	4,080	3,239	3,763	15,005	15,005	9,464
Sportsvan/Van	1,865	831	1,872	5,198	5,198	5,516
Suburban	1,461	1,697	1,673	5,850	5,850	5,447
Total Chevrolet	28,490	22,371	29,120	101,780	101,780	85,482
Jimmy	158	212	177	646	646	786
Mediums/Heavies	0	1,010	0	0	0	3,222
P-Model	77	67	44	121	121	265
Pickups	3,234	2,000	3,302	11,763	11,763	8,411
S-15	1,541	1,568	1,068	5,295	5,295	5,402
S-15 Jimmy	1,020	824	906	3,942	3,942	1,927
Safari	921	838	886	3,373	3,373	3,604
Suburban	596	827	674	2,672	2,672	3,444
Vandura/Rally Vans	1,049	1,388	642	2,139	2,139	3,720
Total GMC	8,646	8,734	7,721	29,951	29,951	30,780
GENERAL MOTORS	37,136	31,105	36,841	131,731	131,731	116,262
NAVISTAR	1,848	1,807	1,771	6,098	6,098	7,177
NISSAN	2,770	3,269	2,817	10,685	10,685	12,933
AM GENERAL	450	450	450	1,710	1,710	1,800
MISCELLANEOUS	2,300	2,300	2,300	8,740	8,740	9,200
Total Trucks, U.S.	95,337	87,004	94,416	345,303	345,303	329,138

CANADIAN TRUCK	Week Ended Jan. 28, 1989	Week Ended Jan. 30, 1988	Week Ended Jan. 21, 1989	Jan. Est.	Jan. 1 to Jan. 28, 1989	Jan. 1 to Jan. 30, 1988
Caravan	3,282	3,156	3,339	12,574	12,574	12,038
Mini-Ram Van	210	250	204	792	792	884
Ram Wagon	690	557	682	2,608	2,608	1,703
Ram Van	1,660	1,384	1,768	6,604	6,604	4,073
Total Dodge	5,842	5,347	5,993	22,578	22,578	18,698
Voyager	2,652	2,983	2,694	10,252	10,252	11,204
Total Plymouth	2,652	2,983	2,694	10,252	10,252	11,204
Wrangler	1,508	1,087	1,304	4,460	4,460	3,644
Total Jeep	1,508	1,087	1,304	4,460	4,460	3,644
CHRYSLER MOTORS	10,002	9,417	9,991	37,290	37,290	33,546
FORD MTR. (lt. trks.)	3,648	3,876	3,522	13,393	13,393	14,268
Light trucks	3,579	3,323	3,960	13,130	13,130	12,187
Vans	1,523	1,388	1,462	5,599	5,599	4,886
Total Chevrolet	5,102	4,711	5,422	18,729	18,729	17,073
Light trucks	1,581	1,540	1,622	5,551	5,551	5,063
Vans	622	575	619	2,317	2,317	2,228
Total GMC	2,203	2,115	2,241	7,868	7,868	7,291
GENERAL MOTORS	7,305	6,826	7,663	26,597	26,597	24,364
NAVISTAR	270	224	275	1,030	1,030	902
Total Trks., Canada	21,225	20,143	21,451	78,310	78,310	73,080
N. American Trks.	116,562	107,147	115,867	423,613	423,613	402,218

☆—Includes window van production. *—Estimated.
Jeep includes commercial only. AM General includes government-destined vehicles.
Miscellaneous includes estimates for Mack, Volvo-White, Kenworth, Peterbilt, Freightliner, Mercedes-Benz, etc.
Monthly estimates may contain error of one or two units due to rounding.